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# PUBLIC CONTROL OF ROAD PASSENGER TRANSPORT

A STUDY IN ADMINISTRATION  
AND ECONOMICS

BY

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## PREFACE

THE issues raised by the operation of publicly controlled industries are, in essence, simple. For what reasons was it considered desirable and practicable to impose public control? What methods were adopted to establish that control? What effects upon the structure of the industry are to be discerned? What gains have, in consequence, accrued to the consumer in the form of cheaper and better goods and services? And, most important of all, what substitute can the public utility find for that desirable, constant pressure towards increasing efficiency which a competitive industry generates spontaneously? This volume attempts to deal with all these questions, but some word of explanation is perhaps necessary for its appearance at this time. The present licensing system in Road Passenger Transport has been in operation only for a short time. Many important steps both as to policy and administration have still to be taken. The Minister of Transport and the Traffic Commissioners are daily making decisions which add to or modify the growing volume of semi-legal, semi-economic precedent which now must constitute the law of the traffic world. Even the structure of the industry is in process of change.

It might, therefore, appear at first sight that an examination of the industry at this stage is premature. But it is submitted that that is not the case. No industry in a healthy condition is ever fixed permanently in form or structure. A satisfactory technique of public control, if one exists, would certainly never be rigid. So that the student of this class of problem must always work with the facts changing before his eyes. Further, if the State is to embark upon economic experiments of this kind they should be subject to critical scrutiny from the beginning. It is extraordinary that the vast field of public utility operation in this country, dating from the early part of the nineteenth century, should have been almost completely ignored by economists, doubtless to the lessening of efficiency in the utilities themselves. It is at the beginning of State experi-

ments that mistakes are most easily made. It is at the beginning, therefore, that economic analysis and investigation may be most valuable.

Nevertheless, because of the changing character of the Road Transport Industry some of the details of this volume may rapidly become out of date and I must apologise for this in advance.

My sincere thanks are due to all those who, by providing material and advice, have made this book possible. The officials of the Ministry of Transport granted me every facility for my research. Transport concerns, too numerous to mention individually, gave me information and advice. My thanks are due to my colleagues on the staff of the Economics Research Section for constant suggestion and criticism. Mr. A. Winterbottom was kind enough to prepare the page proofs for the printer during my absence in the United States. And to Mr. John Jewkes I owe my greatest obligation for aid and encouragement always generously at my disposal.

D. N. CHESTER.

*October, 1935.*

## INTRODUCTION

THE Economics Research Section in the University of Manchester exists for the purpose of continuous realistic research. The Section was officially recognised in 1930 and the claim for its recognition was that, if Departments of Economics are to do the kind of work which is justifiably expected of them, they must have a staff, equipment, and resources comparable in their way with those of other University Departments which engage in continuous research. In this there is no lack of recognition of the research which has always been carried on by individual members of Departments of Economics in the various Universities. On the contrary, the extent and importance of this research can be used as witness that those connected with these Departments, though often overladen with teaching and other duties, often with funds at their disposal hardly sufficient to acquire current literature and official publications, usually without any but gratuitous assistance in their research, have been alive to their responsibility to their subject and through it to the community at large. But, though this statement is indisputable, it is nevertheless true that realistic research by academic economists has rarely been systematically continuous. Rather, it has been sporadic, and the investigations undertaken have been limited and largely determined by the somewhat chance facilities which happened to be available to individual investigators.

The conditions of the post-war years have made a change imperative. Before 1930, some indication of the direction of the change was seen in the large-scale surveys undertaken by the Universities of London and Liverpool and by the character of the investigations carried on at Manchester and elsewhere. Another indication was seen when, early in 1931, the Board of Trade invited the Universities of the Northern parts and of South Wales to undertake industrial surveys of their several areas. There is now ample evidence that the publication of the results of these surveys has been to encourage other similar

surveys and to give a stimulus to realistic research in general.

Large-scale surveys necessitate team-work in the Department directly responsible for them, and they also require the co-operation of the Departments of the Central and Local Authorities, of representatives of employers' and workers' organisations, and of such other officials and private individuals as are in a position to render assistance and provide information of value. A feature of the enquiries carried on at Manchester is the generous manner in which this help has been given, indicating that there is a ready response to investigators whose independence is beyond question and whose dominant aim is a scientific presentation of the relevant facts of a situation. On these conditions investigations are welcomed and there is widespread recognition that the conditions are present in the Universities and that they, through the appropriate Departments, are best fitted to undertake the investigations.

Such investigations, however, are not to be thought of as confined to large-scale surveys though, once they have been made, it is evidently desirable that some continuity should be maintained with provision for periodical re-surveys. Meanwhile, a consequence of every survey is the revelation of a multitude of problems which call for intensive investigation by those who have become superficially acquainted with them and who see their interconnections. At the present time, in the area of the University of Manchester, these problems range from those relating to particular industries and the economic and social conditions associated with them, to the larger problems of the future of particular areas whose former importance is threatened with decline owing to deep-seated changes which are proceeding. In the investigation of these problems team-work may not be so obviously essential as with large-scale surveys, but a thorough investigation can rarely be undertaken by one person and, in any case, the investigators must have behind them the equipment, resources, and, above all, the authority of a recognised centre of research.

Again, taking a wider view, all this is essential in other directions in which research is urgently required. That a growth of public and semi-public undertakings and an extension of public control of private enterprise are features of the present, and that they look like continuing so in



the future, everyone would agree. Certainly, these are not entirely new features in this country, but the recent extensions to the industries of road transport, coal-mining, electricity, agriculture, and the proposed extensions to other industries may be regarded as ventures into an unknown field. Necessarily, present support or opposition to the extensions must be based on *a priori* considerations and, when the extensions are carried into practice, it is not likely that those entrusted with the task can have much respect for uninformed criticism of their methods of working or of its results. Here the vital importance of these methods and results and of the principles which emerge being subject to continuous scrutiny by trained investigators whose independence is beyond question and whose dominant aim is a scientific presentation of relevant facts requires no emphasis.

It is on the lines here indicated that the members of the Economics Research Section in the University of Manchester are working, in the belief that by so doing they are performing a duty to the community and to their subject. Conscious of a widespread impression that the work of theoretical economists is purely formal and devoid of practical content they are anxious to bring this work into relation with the realistic data of the economic world. As they see the situation, the present urgent needs on the academic side are for those to whom Professor Pigou has given the names of "tool-makers" and "tool-users" to recognise the complementary character of their work, and for this recognition to find expression in the customary organisation and staffing of Departments of Economics.

How far the present volume fits in with the scheme of work indicated in the above paragraphs must be judged by its readers. When its author entered the University as a student he was employed in municipal service and after his graduation was granted leave of absence to serve on the staff of the Economics Research Section. At present he is in the United States studying the problems associated with public utilities. This visit has been made possible by the Rockefeller Foundation, to which the Economics Research Section is also indebted for financial assistance in its work.

G. W. DANIELS,  
*Dean of the Faculty of  
Commerce and Administration.*



# PART I. STRUCTURE

## CHAPTER I

### INTRODUCTORY

THE development of motor transport is one of the most striking features of the present century. It has linked up places not previously served by transport and the new and convenient means of travel has had important effects on social life. It has also created new problems, problems of public safety, of traffic congestion and of the financial position of the older forms of transport. The Road Traffic Act, 1930, was an attempt to solve some of these problems. Primarily this volume is a study of the working of the Road Traffic Act, but in addition it is a description of the present position of an important form of transport and an important industry.

This study of the operation and control of public service vehicles relates broadly to all motor vehicles with a seating capacity of eight or more persons which carry passengers for hire or reward. It excludes taxicabs, tramways and trackless trolley vehicles except in so far as the position of omnibuses <sup>1</sup> is affected. In one sense, therefore, it cannot claim to cover the whole field of road passenger transport which, in its widest meaning, also includes these three other forms of public passenger transport. The term "road passenger transport" is, however, widely used to refer to motor omnibus services and this is the sense in which it is used here.

#### *Development.*

As early as the year 1769, steam was applied with some success to drive a road vehicle, and from that time experiments continued in steam traction. Some steam-vehicle

<sup>1</sup> Strictly speaking, an omnibus is a vehicle used on regular local services in contrast to a coach or charabanc which is used on distance or excursion services. In the interests of simplicity the term omnibus has been used as also covering coaches and charabancs and as being synonymous with public service vehicle.

passenger services were started in the thirties of last century but they had a short life, and by the end of the century steam traction was only used for the heavier goods work. The increasing importance of the railways after 1830 is one reason for this, but bad roads and legal restrictions also played a part.

Until the beginning of the nineteenth century the roads were generally unfit for the extensive use of fast-moving or heavy vehicles, notwithstanding the improvement which had occurred in the previous century. Between 1806 and 1830 growing public discontent led numerous House of Commons Committees to investigate the situation, and under the direction of Telford and McAdam a new standard of road construction and maintenance was adopted for many miles of road. The revenue for much of this development came from tolls paid by the users of the roads and, in particular, by the horse-drawn stage-coaches. The development of the railways after 1830 drove most of these stage-coach services off the roads and, as a result, highway expenditure had to be borne largely by the parishes, most of which were too small to maintain their roads efficiently. Even for such roads as did exist the passenger steam-carriages were made to pay heavily. The tolls charged by the Turnpike Trusts varied according to the class of vehicle, and discrimination was directed against steam-carriages, so that sometimes the tolls were prohibitive. A Select Committee in 1831 reported in favour of the use of steam-driven vehicles and recommended a lightening of these toll burdens. It was not until the Locomotives Act, 1861, however, that protection was given against excessive tolls.

Whatever impetus this protection might have given to the development of road passenger transport was offset by the other provisions of the Act. A speed limit of 10 miles an hour, or 5 miles an hour when passing through any city, town or village, was imposed. These maxima were reduced to 4 and 2 miles respectively in 1865, and this same Act made it necessary for every mechanically propelled vehicle to be in charge of three persons, one of whom was required to walk 20 yards in front carrying a red flag. The invention of the internal combustion engine and the appearance of petrol-driven vehicles early in the '90's caused an outcry against these restrictions. In 1896, therefore, a distinction was drawn between "heavy" and "light"

road locomotives. The Locomotives on Highways Act of that year exempted all mechanically propelled vehicles with an unladen weight of less than 3 tons from almost all the earlier restrictions and empowered the central authority to fix a maximum speed limit of 14 miles an hour—actually it was fixed by Regulation at 12 miles an hour. While this encouraged motor-car development in this country it still restricted the use of motor vehicles for public passenger purposes, for, in general, they were above the specified unladen weight and still covered by the old legislation. The Motor Car Act, 1903, allowed this obstacle to be removed by giving the central authority power to increase the unladen weight of 3 tons. In 1904 the unladen weight was increased to 5 tons, though the total weight of car and load was limited to 12 tons.

The change in the law was quickly taken advantage of, and the development of the motor omnibus really dates from this time. The number of such vehicles licensed in London in 1904 was 31, rising to 241 in 1905 and to 783 in 1906. These early services were not very successful; many technical problems had to be solved before satisfactory vehicles could be constructed to carry passengers under conditions requiring frequent stops and alterations in speed. Judged by present standards, the roads were still bad and the exacting conditions frequently made the expense of operation greater than receipts. The imposition of a petrol tax in 1909 was thought at the time to have made profitable motor omnibus operation almost impossible, but technical progress proved this wrong and many new companies were started between 1912 and 1914. The outbreak of war stopped the development, and the number of motor omnibuses licensed in London which had advanced rapidly to 3,522 in 1913 afterwards fell continuously until 1918, when it was only 2,277. The reasons for the decline were many: enlisting of staff, commandeering of vehicles for war service, increase in operating costs, and special restrictions on the use of petrol. In addition, the Local Government (Emergency Provisions) Act, 1916, virtually prohibited the opening of new bus routes and the operation of purely pleasure trips.

The end of the war not only removed these restrictions but actually gave a positive impetus to road transport development. The widespread use of motor vehicles during the war had shown the advantages of motor transport and

the railway strike of 1919 gave further proof of its value. Further, many of the War Department vehicles were sold at low prices and converted to carry passengers. About this time also a light, fast, pneumatic-tyred vehicle specially designed to carry 14-20 passengers was introduced from the United States. The result was a very rapid extension of motor passenger services ; on March 31, 1918, the number of hackney carriages licensed in England, Scotland and Wales was 41,815, but by 1920 the number had risen to 74,608.

Although in certain years road passenger transport has been affected by general trade depression, the period since 1921 has, on the whole, been one of concentration and steady development. The demand for speed and comfort has been met by improved springs and brakes, quieter engines and gears and the adoption of pneumatic tyres. These, by lessening road shocks, have allowed the building of lighter and improved coachwork which, in turn, has enabled operators to provide luxury vehicles and long-distance services. The period has also seen a marked improvement in the quality of road construction and maintenance.

Much of the development of the motor omnibus has been at the expense of other forms of public passenger travel. The earliest instance was the substitution of motor for horse omnibuses, a movement which was practically completed by 1920. Since 1926 there has been a widespread abandonment of tramways in favour of motor omnibuses. The railways have also lost passengers to the roads, though some of these may have been regained since 1932. Finally, omnibuses have gained passengers from taxi-cabs, the number of such vehicles having decreased greatly in recent years. A large amount of omnibus traffic is, however, new, in the sense that it has met a demand not previously satisfied. Everything points to there having been a considerable increase in the number of journeys made per head of the population, such factors as the development of housing round the fringes of large towns and the desire for speed having undoubtedly increased the demand for passenger transport. It is probable that omnibuses have obtained the major portion of this increase.

#### *Present Importance.*

The importance of the motor omnibus industry may best be measured in relation to the public transport facilities

of the country. The most suitable bases of comparison are capital, employment, revenue, and passengers carried, comparative statistics of which are given in Table I.

TABLE I

RELATIVE IMPORTANCE OF THE FOUR MAIN TYPES OF PUBLIC PASSENGER TRANSPORT

*Great Britain, 1932*

	Passen- gers Carried.	Passen- ger Receipts.	Average Receipt per Pas- senger.	Miscel- laneous Revenue.	Capital Expendi- ture.	Employ- ment. <sup>1</sup>
	Million.	£ million.	d.	£ million.	£ million.	
Public service vehicles .	5,344·9	58·2	2·61	0·3	60·0 <sup>2</sup>	125,074
Railways .	1,557·0	57·3	8·83	16·2	1,083·6 <sup>3</sup>	568,911 <sup>3</sup>
Tramways .	3,844·9	21·6	1·35	0·1	85·6 <sup>4</sup>	83,889
Trackless trolleys .	221·1	1·3	1·45	—	2·7 <sup>4</sup>	

<sup>1</sup> 1931 Census—Industry Tables. Code Numbers 185, 542, 543 and 544 for Public Service Vehicles, 180 and 530 for Railways, and 181, 182, 545 and 546 for Tramways and Trackless Trolleys.

<sup>2</sup> Estimated. From various inquiries this appears to be a reasonable estimate. It is consistent with the replacement of 45,000 vehicles at an average cost of £1,200 each or £54 million, leaving £6 million to cover expenditure on bus stations, depots, etc. It also implies that the industry turns its capital over roughly once a year.

<sup>3</sup> Including the railway goods services, but not the ancillary businesses.

<sup>4</sup> Excluding capital expenditure on works now superseded.

Judged solely on the number of passengers carried, the public service vehicle is revealed as the most important means of public passenger transport, accounting for almost as many passengers as the three other forms together. The average distance travelled per passenger, as shown by the average receipts per passenger, is, however, lower for omnibuses than for railways. This is reflected in the passenger receipts, which are almost equal in amount for the two services. Tramways provide short-distance services and, hence, though according to passengers carried they are second in importance, they fall to third place if measured by receipts. Trackless trolley vehicles are of comparatively recent development: both in receipts and passengers carried they are the least important, though, concurrent with the decline of the tramway, their importance is increasing. The miscellaneous revenue shown in the table is mainly derived from the carrying of parcels, luggage and

mails and is a much more important item on railway passenger services than on any of the other three forms of transport. The standard of capital expenditure reveals a striking difference between the operation of omnibuses and that of other forms of public transport. The capital expenditure on railways (goods and passenger services) is roughly eighteen times that on public service vehicle services, the main reason being that whereas railway tracks and stations are constructed by the companies, the omnibus uses the public highway.<sup>1</sup> Similarly, the provision of tramway tracks and overhead wires accounts for the high capital figure of tramways and trackless trolleys. Finally, the public service vehicle is again second in importance in the volume of employment it provides. By this standard the railways are easily first in importance, but their high employment figure is due partly to the inclusion of employees engaged on goods services. The figure would, however, still be high, even if these could be excluded, by reason of the station and permanent way staffs to which there is little or no analogy in road passenger transport.

<sup>1</sup> The cost of the road is an annual charge in the case of omnibus operation; the annual road fund licence payments in respect of public service vehicles, if capitalised, would amount to some £60 million. In addition there is the charge made for local authority bus stations.



## CHAPTER II

### SERVICES

It is possible to classify passenger road transport services in a number of ways, according to the object in view. Probably the most useful division for general purposes is the fourfold one: local, distance, excursion, and private hire services. This corresponds closely—though not exactly—to the classification followed by the present licensing system, viz., stage, express, excursions and tours, and contract carriage services, and, since the only available statistics are based on this classification, it will be convenient to adopt the official division of services.

The distinction between stage and express carriage services is related partly to the length of the route and partly to the distance between stopping-places. The length of the route is only important because of the obvious reluctance of people to travel long distances on a vehicle which stops every few minutes. The question arises as to where the line is to be drawn between stage and express services. At the moment an express service is defined as "carrying passengers for hire or reward at separate fares, none of which is less than one shilling or such greater sum as may be prescribed." This shilling minimum fare is the ordinary adult fare and cheaper special fares for workmen, children or students or season ticket holders are disregarded for purposes of this classification.<sup>1</sup> The law, therefore, envisages the shortest distance between fare stages to be from 10 to 14 miles.<sup>2</sup> Except in very extensive urban areas this distance will cut out all the local services operated between the town centre and the suburbs. With large urban conglomerations, such as South-East Lancashire, the distance of 10–14 miles is, however, insufficient to eliminate the local demand; nevertheless, there still remains the necessity to run fast through-services in order to cater for terminal passengers. There is obviously room for anomalies when the shilling minimum is approached. A lowest single

<sup>1</sup> Road Traffic Act, 1934, Section 24.

<sup>2</sup> Single fares on road services are about 1d. per mile. See page 166.

fare of 11d., for example, would give a stopping range of round about 9-13 miles; such a service cannot be considered as a purely local one. Again, one isolated fare may be under 1s. while all the rest are above it. In general, however, it is sufficiently accurate to identify stage services as being local, and express services as being distance.

Excursions and tours services are not legally defined and have in fact developed as an offshoot of the express services.<sup>1</sup> Their distinguishing features may therefore best be explained by comparison with ordinary express services. The main difference between the two turns on the question of regularity of running. The excursion is for casual traffic, whereas the express service supplies a regular public need. Express carriage services must be operated regularly according to an approved time-table; the operator is under an obligation to run the service whether there is a demand or not; this is also true of stage carriage services. With excursions and tours, however, there is no obligation to run the services and they are only operated when the operator considers there is a profitable demand. There are no time-tables to be kept and no reliance can be placed on the service being run. A second important distinction is the class of passenger carried. Fundamentally, the excursion caters for the day return passenger, the person who journeys from the starting-point of the service early in the day and returns later on the same day. The express service, however, is concerned with all classes of passenger and, in addition, caters for the demand along the route and from both termini. The final distinction is that excursions are almost always operated to holiday places; licences are seldom granted to allow them to be run to industrial towns except for such special occasions as football matches and race meetings.

A tour is a special type of excursion and emphasises the sightseeing rather than the carrying aspect of coach travel; the passengers are concerned more with the route or journey than the place of destination. Generally the passengers stay on the vehicle the whole of the journey, i.e. inward and outward, except for meals or sightseeing. A more recent development is the "all-in tours," which are really conducted holidays. The operator arranges hotel accommodation, etc., and charges an inclusive price. The time

<sup>1</sup> Actually, excursions and tours operate under specially marked express road service licences.

taken on the journey may be a week or a fortnight, or some less period, perhaps covering a long holiday week-end. This class of tour is usually advertised well in advance, and as booking is also very much in advance there is a greater responsibility on the operator to run the trip even if there is only a small demand.

Private hire or contract carriage work has proved the most difficult type of service to define. The Road Traffic Act, 1930,<sup>1</sup> described a contract carriage as "carrying passengers for hire or reward under a contract expressed or implied *for the use of the vehicle as a whole* at or for a fixed or agreed rate or sum," adding the proviso "that a vehicle used on a *special occasion* for the conveyance of a *private party* shall not be deemed to be a vehicle carrying passengers for hire or reward at separate fares by reason only that the members of the party have made separate payments which cover their conveyance by that vehicle on that occasion." It was thus intended to cover such cases as where a club or some association hired the vehicle as a whole for a journey to some specified place or on some specified tour.

The importance of this definition is that, unlike the other three services already discussed, a contract carriage service does not require a road service licence and is largely free from control by the Traffic Commissioners. This type of service, therefore, became, between 1932 and 1934, a battleground for those who desired to bring more and those who desired to bring less services under control. A number of legal decisions were given which, while preventing much excursion work from escaping control, also had the effect of considerably restricting what had hitherto been regarded as legitimate private hire work. The position was clarified by some additional definitions included in the Road Traffic Act, 1934,<sup>2</sup> and now the following conditions have to be satisfied before a vehicle can be considered to be run on a special occasion for the conveyance of a private party:

"(a) arrangements for the bringing together of all the passengers for the purpose of making the journey as a party must have been made by some person, not being the holder of the public service vehicle licence in respect of the vehicle or a person acting on behalf of the holder of such a licence or a person who receives any remuneration in respect of those arrangements ;

<sup>1</sup> Section 61.

<sup>2</sup> Section 25.

- (b) the journey must be made without previous advertisement to the public of the arrangements therefor ;
- (c) all the passengers must, in the case of a journey to a particular destination, be carried to, or to the vicinity of, that destination, or, in the case of a tour, be carried for the greater part of the journey ;
- (d) no differentiation of fares for the journey on the basis of distance or of time must be made ;
- (e) in the case of a journey to a particular destination the passengers must not include any person who frequently, or as a matter of routine, travels, at or about the time of day at which the journey is made, to that destination from a place from or through which the journey is made."

A contract carriage service is thus essentially an irregular service depending on a body of persons hiring the vehicle. It cannot cater for the regular traveller nor be publicly advertised. The operator cannot arrange the service himself nor can he employ an agent to do so. It is thus fundamentally different from the other three types of services, though it resembles the excursion by reason of its irregularity.

Such are the distinguishing features of the different types of service. It now remains to ascertain their relative importance and their demand and cost characteristics. Table I shows the relative importance of the different types of service.

TABLE I  
PUBLIC SERVICE VEHICLE OPERATION—GREAT BRITAIN  
*Passengers Carried and Passenger Receipts Analysed According to  
Type of Service. Year ending December 31, 1933.*

Type of Service.	Passengers Carried.	Per Cent of Total.	Passenger Receipts.	Per Cent of Total.
Stage . . . . .	5,335,248,265	98·47	£ 50,951,021	87·97
Express . . . . .	16,958,228	0·31	2,656,217	4·59
Excursions and tours	16,794,262	0·31	1,787,614	3·09
Contract . . . . .	49,273,252	0·91	2,521,994	4·35
All Services .	5,418,274,007	100·00	57,916,846	100·00

*(Third Annual Reports of the Traffic Commissioners, 1933-4.)*

Stage carriage services are overwhelmingly the most important and excursions and tours the least important measured in terms of either passengers or receipts. The former is, in fact, much more important than the other three classes together. Apart from stage services, contract work is the most important in terms of passengers carried, but is slightly inferior to express services in terms of receipts because of the lower fares and shorter distances travelled in contract carriages.

### *Demand Characteristics.*

The principal differences in the character of the demand for the various services lie in the extent to which demand fluctuates. The general seasonal trend of all types of service is given in Table II.

TABLE II

QUARTERLY TRAFFIC INDEX FOR PUBLIC SERVICE VEHICLE  
OPERATION

(March Quarter 1933 = 100)

SERVICE.	Quarters Ending			
	March 31, 1933.	June 30, 1933.	Sept. 30, 1933.	Dec. 31, 1933.
<i>Passenger Journeys :</i>				
Stage . . . . .	100	109.7	115.9	109.0
Express . . . . .	100	183.1	339.1	105.6
Excursions and tours . .	100	590.5	1,395.6	187.2
Contract . . . . .	100	153.4	173.9	110.1
ALL SERVICES . . .	100	110.4	117.5	109.1
<i>Passenger Receipts :</i>				
Stage . . . . .	100	116.8	128.8	110.3
Express . . . . .	100	239.5	528.3	118.2
Excursions and tours . .	100	1,015.2	2,482.4	227.9
Contract . . . . .	100	319.3	444.8	126.9
ALL SERVICES . . .	100	127.5	154.1	111.3
<i>Vehicle Miles :</i>				
Stage . . . . .	100	105.5	111.7	103.5
Express . . . . .	100	164.8	282.4	103.3
Excursions and tours . .	100	922.6	2,243.0	236.7
Contract . . . . .	100	271.6	380.4	124.8
ALL SERVICES . . .	100	112.8	128.4	104.3

(Compiled from the *Third Annual Reports of the Traffic Commissioners*,  
1933-4.)

The passenger journey index for each type of service increases until the peak is reached in the September quarter. The heights of the peaks differ considerably, being highest for excursions and tours and lowest for stage services. The reasons for these differences are not far to seek. The regular local services are not much affected by the holiday demand; in industrial towns the demand tends to fall rather than increase. The small increase in the September index for stage carriage services is due, therefore, to increases on routes serving holiday resorts and in the number of longer distance travellers. Excursions and tours being chiefly holiday services, the heavy September quarter peak is to be expected. Here again the September quarter demand is mainly for the longer services, the March quarter demand being largely for local attractions. The comparatively small peak for contract carriage work reflects the large demand made in the winter by sports clubs, etc. The distance or express services show the second highest peak; apart from the obviously seasonal traffic to seaside resorts, there is also the traffic to London, which is seasonal in its demand.

The number of passenger journeys as an index of the fluctuation of demand suffers from two weaknesses. The first has already been taken into account when making the above generalisations. It is that no indication is given of the change in the distance travelled. In the absence of passenger mile statistics the best guide is the index of receipts. Assuming no serious change in the general level of fares, the passenger journey and receipts indices should move closely together; any differences will, therefore, reveal a change in the average distance travelled. For example, the receipts index for excursions rises for the quarter ending September 30 to 2,482.4, but the passenger journey index only rises to 1,395.6, indicating that not only are a greater number of passengers carried, but also that each passenger travels a greater average distance.

The second weakness is that the passenger journey index does not necessarily indicate the demands made on the existing facilities for transport. A twofold increase in the number of passengers may not bring with it a twofold increase in the number of either vehicles or miles operated; it may only mean that there is an increase in the average number of passengers per vehicle. Neither statistics of passenger miles nor of the number of vehicles used on each type of

service are available, but the figures in Table III throw some light upon seasonal fluctuations in unused capacity.

TABLE III

QUARTERLY FLUCTUATIONS IN THE USE OF PUBLIC SERVICE VEHICLES

	Quarters Ending			
	March 31, 1933.	June 30, 1933.	Sept. 30, 1933.	Dec. 31, 1933.
Vehicles owned . . . .	45,719	46,025	45,918	45,135
Vehicles licensed <sup>1</sup> . . . .	37,020	43,122	43,630	37,284
Percentage of owned vehicles licensed . . . . .	81.0%	93.7%	95.0%	82.6%
Average number of miles operated per licensed vehicle . . . . .	7,942	7,693 <sup>2</sup>	8,650	8,224
<i>Average receipts per vehicle mile—pence :</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>
Stage . . . . .	9.72	10.75	11.20	10.36
Express . . . . .	6.41	9.30	11.96	7.33
Excursions and tours . .	13.67	15.04	15.13	13.16
Contract . . . . .	11.57	13.57	13.49	11.75
All Services . . . . .	9.65	10.90	11.57	10.30

(Compiled from the *Third Annual Reports of the Traffic Commissioners, 1933-4.*)

<sup>1</sup> Licensed under the Roads Act, 1920, i.e. the "road fund" licence.

<sup>2</sup> This comparatively low figure is due to the number of vehicles which are licensed only in the latter part of the period.

The table indicates the three means by which the seasonal fluctuations in demand are met. First, the number of vehicles for which road fund licences are taken out varies, 95 per cent being licensed in the September quarter as against only 81 per cent in the March quarter. Some 14 per cent of the vehicles are, therefore, only used for about 6 months of the year ; most of these will be vehicles used on excursions and tours. Secondly, there are variations in the average number of miles operated by each licensed vehicle. Finally, the average number of passengers carried per mile (as indicated by the receipts) follows the seasonal trend of demand so that the highest receipts per vehicle mile are shown during the September quarter. The increased demand for road passenger transport facilities in the summer is met, therefore, partly by an increase in the number of vehicles on the road, partly by a greater mileage

operated by each vehicle, and partly by a reduction in the number of vacant seats on each vehicle mile.

Quarterly figures do not, of course, reveal the more detailed daily or weekly fluctuations, or such special peak periods as August Bank Holiday week. Again, hourly fluctuations occur on most urban stage carriage services. On these there are two peaks each weekday, a morning peak on the inward service occurring between 7.30 and 9.30 a.m. and an evening peak on the outward service occurring between 5.30 and 7.30 p.m.

Certain fluctuations in demand are so regular as to be anticipated with a high degree of accuracy, but others are not so easy to estimate. The demand for a service between a suburb and the centre of the town is an example of the former kind: the average passenger travels regularly to and from his place of business at practically the same time every day. In contrast, the demand for the highly seasonal services, such as summer express and excursion services, depends on the weather, on the occurrence of special events and on a capricious public taste. The demand for these irregular services may arise suddenly and obviously requires much closer attention than the demand for regular local services.

Another type of fluctuation is connected with changes in the level of fares. When fares are reduced it is to be expected that more people will be induced to travel, but the exact relation between the decrease in fares and the increase in the number of passengers is less certain; so much depends on the particular circumstances of each route that no general relationship can be laid down. Where competition with another form of transport is very keen, a slight decrease in fares may not only cause an increase in the number of passengers but also in the receipts. Where competition is non-existent and the demand is very regular the effect of a fare change may be small.

### *Cost Characteristics.*

The simplest and most straightforward division of the costs of omnibus operation is that between running and standing charges, the former group varying with the volume of traffic and the latter remaining relatively fixed.

Running costs may be further subdivided into those which vary directly with the mileage, e.g. petrol, oil, tyres, repairs and maintenance, and those which, though bearing a close relationship with mileage, do not vary directly with



it, e.g. wages of drivers and conductors. It is usual to pay drivers and conductors a weekly wage based on some hourly rate. In so far as the weekly wage is guaranteed, it may be regarded in the nature of a standing charge; in practice, however, though weekly wages are frequently guaranteed, this is only done to the extent to which the traffic will allow. Where there is a seasonal demand casual labour is usually employed. Alternatively, drivers and conductors may, in slack seasons, be employed on other classes of work, such as maintenance.

Standing charges must in the long period bear some relation to the traffic demand. An increase in the number of vehicle miles may mean an increase in the number of vehicles which in turn may involve an increase in the size of the garage or the number of the office staff. With certain items, e.g. road fund licences, the fact that these commitments may be made for short periods, means that they tend to bear a fairly close relationship to traffic fluctuations. Therefore standing charges may be conveniently subdivided into operating and administrative overheads, the former covering road fund, road service and public service vehicle licences, vehicle insurance and depreciation, and the latter covering rent, rates and taxes, administrative salaries, interest on capital, etc.

The factors affecting the running cost per vehicle mile are numerous, but only the more important may be mentioned here. First, there is the speed at which the vehicle runs. There is a distinct tendency for running costs to increase as the average speed decreases. For example, the average hourly wage cost of driver and conductor is, say, 30*d.*; at 10 miles per hour this means 3*d.* per vehicle mile as compared with 1½*d.* when the vehicle has an average speed of 20 miles an hour. Also a low average speed generally implies a large number of stops per mile and this increases the running costs by increasing the cost of oil, petrol and vehicle maintenance per mile.

A second factor is the size of the vehicle. Each increase in size increases the costs of oil, petrol and vehicle maintenance per mile. Further, because a conductor must be carried on buses above a certain size (mainly above a 20-seater), a sharp increase in costs occurs about that size. Size of vehicle also affects such standing charges as depreciation and road fund licences. Whilst, however, the vehicle with the greater seating capacity shows higher costs

per mile, its costs per seat-mile are usually lower, as the following table shows.

TABLE IV  
OPERATING COSTS (RUNNING AND STANDING CHARGES) OF A PETROL  
OMNIBUS OPERATING 400 MILES PER WEEK <sup>1</sup>

Seating Capacity.		Cost per Vehicle Mile. <i>d.</i>	Cost per Seat Mile. <i>d.</i>
14	. . . . .	7.98	0.57
20	. . . . .	11.07	0.55
26	. . . . .	12.59	0.48
32	. . . . .	13.39	0.42
40	. . . . .	13.90	0.35
48	. . . . .	14.68	0.31
56	. . . . .	15.67	0.28
64	. . . . .	16.33	0.26

<sup>1</sup> Compiled from *The Commercial Motor*, October 13, 1933. Establishment costs and profits are excluded.

The increase in cost per vehicle mile with each increase in size is clearly shown, but the fact that costs do not rise at the same rate as seating capacity results in a decreasing cost per seat mile. Unless the seats are actually used the seat-mile basis is misleading, for it may bear no relationship to the cost of carrying individual passengers. The cost of carrying one person in a 32-seater is not 0.42*d.* per mile, if he is the only passenger, but 13.39*d.* per mile, i.e. the full cost of running the vehicle. Cost per passenger is an average cost depending on the average number of passengers carried per vehicle mile, and is an important factor in the fixing of fares.

As regards standing charges, it is important to distinguish between those factors influencing the total cost from those influencing the cost per vehicle mile. An increase in demand may increase the number of vehicles required, which in turn may increase the cost of garage accommodation, office staff and interest on capital. But on the other hand, the increased demand may merely mean that each vehicle travels a greater number of miles. In the latter case the standing charges per vehicle mile fall. The cost of administrative overheads and, to a lesser extent, of operating overheads, vary little in total whether the vehicle averages 1,000 or 10,000 miles per annum, but the administrative cost per vehicle mile in the latter case is only one-tenth that in the former.

In considering the manner in which these factors affect the costs of the four types of service it must be borne in

mind that, even within the same type of service, there may exist considerable divergencies in cost. Stage service costs, for example, may vary from 6*d.* to 1*s.* per mile. In the main the differences can be accounted for by the factors already mentioned, e.g. size and speed of vehicles and annual mileage, but there may be more particular reasons, such as the type of country or roads, type of vehicle, or the relative efficiency of different operators. Despite this qualification, certain broad distinctions between the different services can be made.

The running costs per vehicle mile of stage services tend to be the highest because their average speed is low ; they have a comparatively large number of stopping-places ; the vehicles used are of the larger size and a conductor must generally be carried. Of the other three types no generalisation can be made since such immeasurable items as stops for meals or for sightseeing require to be taken into account.

With standing charges per vehicle mile, however, the position tends to be reversed. The greatest number of vehicle miles per annum is generally achieved by stage-carriage services, for even with their lower speed and fluctuating hourly demand, the fact that they run practically every day makes for a greater average mileage per vehicle.<sup>1</sup> Their annual mileage may be equalled, or even exceeded, by regular express services, but, usually, the number of vehicles used on express services is liable to considerable seasonal fluctuation which seriously reduces the average annual mileage of each vehicle. The reserve of vehicles used only during the holiday months is even higher in the case of excursion services, and therefore these tend to show a lower mileage per vehicle than express services. Generally speaking, it is true to say that vehicles used on excursion and contract work operate the smallest number of miles per annum.<sup>1</sup> As against this, it must be noted that the size of vehicle used on the express, excursion and contract services is generally much smaller than on the stage-carriage services. But, on the whole, standing charges per vehicle mile may be expected to be lower for stage-carriage than for other services.

<sup>1</sup> When the demand occurs at a different time the operator may be able to use the same vehicle on different types of service. He is restricted to some extent from doing this by the Road Traffic Act, 1930, under which a vehicle is certified and licensed for a particular type of service. A vehicle certified as a contract carriage can only be used for that purpose, but generally vehicles are constructed to meet the conditions governing stage carriages for, unless they are double-deckers, this type of vehicle may be used on any type of service.

## CHAPTER III

### LOCAL AUTHORITY OPERATION

THE importance of local authorities as operators of public service vehicles lies not so much in their numbers as in the peculiarities arising from the statutory nature of their powers. Judged numerically, local authorities are overshadowed by the private operator : at December 31, 1933, local authorities accounted for only 1·6 per cent of the total number of operators ; 12·8 per cent of the total vehicles owned ; 16·3 per cent of the total passenger receipts ; and 23·4 per cent of the total passengers carried. Of all the local utility services, the running of omnibuses is the one in which local authority undertakings are the least important. There are several reasons for this. Omnibuses are themselves of comparatively recent origin and the experimental stage may be regarded as only recently passed. It will generally be found that, in any local utility service, development has in the early days been left to private enterprise. This was so, for example, with tramways. Unlike the case of tramway operation, however, local authorities have not been given compulsory power of purchase of the omnibus undertakings within their area and hence little has been done by them in the way of acquiring the services of existing operators.

Probably a more important reason is that local authorities have in past years expended considerable capital on tramways. To commence to operate buses on tramway routes would have meant, in such circumstances, that a large amount of this expenditure might become unremunerative and the capital equipment obsolete. Therefore, local authority development has tended to take the form either of running buses on new routes not covered by tramways or in substitution for reluctantly abandoned tramway routes.

The third and chief obstacle to the extension of the activities of the local authorities has been the difficulty in obtaining powers to operate. A local authority has power to expend its revenue only upon objects authorised by Parliament. Many local authorities possess powers to

operate tramways, but by a decision of the Appeal Court <sup>1</sup> in 1902 it was held that statutory power to provide and operate a tramway did not cover the provision of omnibus services. There being no General Act which gave this particular power it is necessary to obtain a Special Act. Private Bill procedure, however, has many disadvantages as a means of obtaining omnibus powers. The cost of promotion is comparatively heavy, especially if the Bill is opposed. This cost, varying between £1,000 and £5,000, even if it does not deter the authority from attempting to obtain powers, saddles the undertaking with a burden <sup>2</sup> made heavier by the fact that this preliminary cost is not necessary in the case of the private operator. Further, the process is lengthy as well as costly, possibly taking nine months to a year before the proposal is sanctioned. And, the delay gives considerable advantage to private operators in that it not only discloses the local authority's proposals but also gives time for the private operator to start a service on the route.

An attempt to remedy this position was made in 1926 when a private member's Bill was introduced into the House of Commons. The Omnibuses Bill proposed to give the Minister of Transport certain restricted powers to authorise urban local authorities to operate omnibuses within their own district or outside that district if in extension of, or in connection with, any tramway, trolley vehicle or omnibus service they may operate outside their district. The method was only to apply to local authorities who already possessed powers to operate trams, trackless trolleys or omnibuses.<sup>3</sup> The Minister's Order was not to require confirmation by Parliament unless the Minister was of the opinion that, by reason of the magnitude of the proposed undertaking or any other special reason, the proposals ought to be submitted to Parliament. In such a case he was to bring in a Bill for the confirmation of the Order which, if opposed, might be referred to a select committee or a joint committee of both Houses. The Bill obviously did not propose to make the general development of omnibus services by local authorities any easier ; but even so it was hardly discussed on its merits. Both the Proposer and

<sup>1</sup> *London County Council v. A-G.* (1902), A.C. 165.

<sup>2</sup> An extreme example was the Ramsbottom U.D.C. Act, 1926, which cost £2,025, a figure which is almost the price of two omnibuses and which averaged 2s. 7d. per head of the population.

<sup>3</sup> I.e. where the local authority only possessed limited omnibus powers.

Seconders were at great pains to explain that the Bill was not an attack on private enterprise, nevertheless there was considerable opposition from many members who appeared to seize upon the issue as being one between municipal and private trading.<sup>1</sup> The Bill was defeated by 133 votes to 128.

The same Bill was introduced in 1927 and 1928 with even less success. In 1930, however, the Road Traffic Bill was in process of becoming law. Part V of this Bill was very similar to the Omnibuses Bill except that in the former the Traffic Commissioner, and not the Minister of Transport, was to be the sanctioning authority. Part V had been rejected by the House of Lords but was reinstated by the House of Commons, and at the suggestion of the Minister of Transport (Mr. Herbert Morrison) the two sets of provisions were referred to the same Committee. The result was Part V of the Road Traffic Act, 1930.

The effect of the 1930 Act has been to divide local authorities into two classes according to whether they are, or are not, under a Local Act or Order operating tramway, light railway, trolley vehicle or omnibus services. If they are not so authorised, power to run omnibuses must still first be secured from Parliament by Private Bill procedure. If, however, they do possess, and are operating<sup>2</sup> under, these powers, the Act allows them to run public service vehicles (a) on any road within their own district<sup>3</sup> and (b), with the Area Traffic Commissioners' consent, outside their own district. The procedure for obtaining consent is fairly elaborate: notice must be published in local newspapers and the *London Gazette*, giving full particulars of the application and, if any objection is lodged, a Public Inquiry must be held. In making their decision the Commissioners must have regard to the extent to which the requirements of the applicant's district will be served either directly or indirectly by a service of vehicles on the route to which the application

<sup>1</sup> *Hansard*, Vol. 192, C2783 (1926). The debate is indicative of the strong opposition which still exists to trading by local authorities. Cf. C2805: "I hope that this side of the House will regard it as a municipal trading Bill which should be opposed in every possible way."

<sup>2</sup> The local authority must operate and not merely passively possess those powers. As an instance, Bootle Corporation possessed tramway powers but allowed Liverpool Corporation to operate the tramways. It was therefore necessary for the Corporation to promote a Private Bill in order to obtain omnibus powers. See Bootle Corporation Act, 1933.

<sup>3</sup> It must be clearly understood that even where a local authority has Power under an Act to operate omnibus services it cannot operate any particular service until it has obtained a road service licence from the Traffic Commissioners.

refers. The Act thus facilitates the growth of local authority services in two directions: first, those authorities which had only limited running powers (e.g. limited to specific routes) within their own area are given general powers<sup>1</sup>; and secondly, power to operate beyond the boundary is made obtainable by a method easier and cheaper than the promotion of a Private Bill.

Acquisition of extra-area omnibus powers by consent of the Traffic Commissioners has been in practice since 1931 and by March 31, 1934, approximately 226 applications had been made to the Traffic Commissioners. Consent was granted in 139 or 61·5 per cent of the cases, 40 or 17·7 per cent were refused, and the remainder were withdrawn. During the same period nine Appeals against the refusal of the Commissioners to give consent were heard by the Minister of Transport, but the Commissioners' decisions were reversed in only three cases. The figures show that considerable use has been made of the new procedure. The number of consents granted is fairly high, but the fact that it is not higher reflects the weak position of the local authority as a late entrant to an already crowded industry.

Even with the greater facilities available for the obtaining of extended powers it is doubtful whether local authority operation will show any great expansion in the future. True, there will be the apparent expansion due to the substitution of omnibuses for trams. Other than this it would appear that any great development can only come by the purchase of the undertakings of private operators; this is not likely to occur to any great extent. The belated entry of local authorities into the field of omnibus operation has meant that the best routes are already covered by the services of private operators. Prior to 1931, local authorities were the licensing authority for bus services, and hence within their own area they could do almost as they chose with the bus services. Since the 1930 Act, however, they must apply for road service licences to the Traffic Commissioners in the same way as private operators. When making applications for licences before the Commissioners, local authorities have tended to claim priority in operating services within their own area. The Commissioners, and

<sup>1</sup> Where the running of a public service vehicle on a road is prohibited or restricted by a local Act or Order the local authority must first apply to the Minister of Transport for the removal of this prohibition or restriction.

on Appeal, the Minister of Transport, have refused to accept this claim. Instead, they have tended to prefer the claim of the existing operator.<sup>1</sup>

*Characteristics of Local Authority Services.*

Local authority omnibus operation is almost completely of a local character. In many instances it is restricted by the boundaries of the authority's area, whilst it never extends far beyond that boundary, except on routes jointly worked with another operator. The reason for this is statutory, not economic. Parliament has never given more than restricted operating powers to local authorities. Prior to the war it was usual to allow them to operate only within their own boundaries, and even then often only on specified routes. Later, the usual clause inserted in Private Acts allowed them to run outside their boundaries with the consent of the Minister of Transport and of any other local authority concerned; frequently it was provided that the latter's consent could not be unreasonably withheld. After 1925, however, Parliament was inclined to place greater restrictions on local authority operation and the Bills passed after that date usually confined outside operation to (a) specified routes or (b) a certain distance from the centre of the town, e.g. the Burnley Corporation Act, 1925, restricted operation to within  $3\frac{1}{2}$  miles of the Town Hall. It also became usual to give outside local authorities greater powers of vetoing these extra-area services. Even when a local authority did possess powers to operate outside its boundary, the antagonism of other local authorities from whom consent was required sometimes made the powers more apparent than real.

These statutory restrictions account for the unimportant part played by local authorities as operators of express, excursion and tour, and contract carriage services. The few express passengers are carried mainly on services worked jointly with another operator, whilst excursion and tours are confined mainly to holiday towns. With regard to contract carriage work, in which local authority operation is rather more important, there is, besides the area problem, some doubt whether local authorities have, in general, the power to operate such services. The general powers contained in Section 101 of the Road Traffic Act, 1930, do not extend to the running of contract carriages by local authori-

<sup>1</sup> See page 116.



ties. Whether the power exists depends, therefore, on the wording of the Local Act by which the local authority obtained its omnibus powers. A Model Clause often found in these Acts is to the effect that "the Corporation may on occasion run and reserve tramcars, trolley vehicles and omnibuses on any route the Corporation is from time to time empowered to operate," and this is considered to cover the operation of contract carriage services.

Within their own areas, local authorities had, prior to 1931, an appreciable advantage. As licensing authorities for all vehicles plying for hire, they were in the position to use this power for the benefit of their own services. Whilst the legal extent of control over fares was vague, the power to refuse applications for licences gave them the opportunity to impose conditions on the licences they chose to grant. Frequently these conditions provided for the protection of their own services, especially tramway services. Sometimes the power was used to give the local authority a virtual transport monopoly within its own area.<sup>1</sup> The applicant could, under the Roads Act, 1920, appeal to the Minister of Transport either against a refusal or against any conditions imposed, and during the seven years ending March 31, 1928, the Minister received 705 appeals, of which 298 were allowed or settled by agreement.

Local authority operation may thus be summed up as possessing two characteristics: a restricted and rather rigid operating area and a quasi-monopoly within that area. The first characteristic has created many difficulties. Beyond the boundaries of every town there is usually an area, linked up with the life of the town, in which transport facilities are needed. Beyond this area there will be other towns, to and from which people wish to travel. If the municipality is precluded by Parliament from giving these extra-area services they will fall to be provided either by an adjoining authority or by some private operator. In both cases the problem of the relations between the municipal local services and the outside services running into the town will arise, especially if the outside services overlap the local routes or desire to pick up and set

<sup>1</sup> Cf. Evidence before Select Committee on Railways (Road Transport) Bills, 1928, June 6, 1928, when the Town Clerk of Wolverhampton agreed that the Council had a transport monopoly and that whilst any person could apply for a licence only two had done so during the last few years and both had been refused.

down within the town. Further, the restriction of the operating area sometimes results in a small operating unit measured by the number of vehicles engaged.

The area problem is, therefore, a matter both of co-ordination and of the scale of operation. The efforts to solve these difficulties take fairly similar directions and may be classified into (1) inter-running agreements; (2) joint boards and committees; (3) mixed undertakings and (4) sale or lease.

(1) *Inter-running Agreements.*

In the Local Acts granting omnibus powers it has been usual for Parliament to confer upon local authorities power to enter into working arrangements either with other local authorities or with private operators. In certain Acts this power has been restricted to a specified radius, e.g. the Rotherham Corporation Act, 1928, makes a limit of a 15-mile radius from a stated point in the Borough. General powers are now contained in Section 105 of the Road Traffic Act, 1930.

An inter-running agreement is the most frequently encountered solution to the area problem. Such an agreement may take various forms, but invariably it provides that the parties concerned shall allow reciprocal running over their respective territories. The differences between one agreement and another are largely a matter of the basis on which the receipts on these services are to be divided. It is impossible to detail all the forms of inter-running agreements, but the following are the two most common.

- (a) Pooling basis—the revenue of the whole route is pooled and divided between the operators in proportion to the route mileage in the area of each operator. Each operator pays his own operating expenses and each must operate with his vehicles a number of miles proportionate to his route mileage. If one operator runs more than his share of mileage this is either worked off during the following year or paid for at an agreed rate.
- (b) Ticket basis—each operator takes the receipts obtained in his area. Operating expenses and vehicle miles run are under the same arrangements as the “pooling” basis. A variation of this second basis is that the single ticket receipts are divided accord-

ing to the area in which they are taken and the return ticket receipts are pooled.

(2) *Joint Boards and Committees.*

The following joint boards operate omnibuses at the moment :<sup>1</sup>

Burnley, Colne and Nelson Joint Transport Committee.

Stalybridge, Hyde, Mossley and Dukinfield Tramways and Electricity Board.

Tees-side Railless Traction Board.

West Monmouthshire Omnibus Board.

The Stalybridge Board was set up in 1901<sup>2</sup> for the joint working of tramway and electricity undertakings and only commenced omnibus services in 1925. Similarly, the Tees-side Board, composed of Middlesbrough Corporation and Eston U.D.C., came into being in 1919<sup>3</sup> to operate trackless trolley vehicles and added omnibuses in 1924. The West Monmouthshire Board, composed of the Urban District Councils of Bedwellty and Mynyddislwyn, was set up in 1926<sup>4</sup> to operate omnibuses in the two districts and also on a certain part of Caerphilly, neither authority having omnibus powers prior to that date. Thus none of these three Boards owes its origin wholly to the difficulties of operating buses in a small confined area. The establishment of the Burnley, Colne and Nelson Committee owes more to this factor. Constituted in 1933,<sup>5</sup> it unified the omnibus undertakings of three closely related areas which already possessed inter-running agreements.

It has not been thought necessary to give full details of the constitution and working of each Board, but the salient characteristics of this type of organisation may be briefly mentioned. The services which otherwise would be managed separately by each local authority are under the management of one general manager controlled by a

<sup>1</sup> The Dearne District Light Railways Joint Committee, composed of the Urban District Councils of Bolton-on-Deane, Thurnscoe, Wath and Wombwell, entered into an agreement with the Yorkshire Traction Co., Ltd., in 1932, whereby the company operates omnibuses in substitution for the Committee's abandoned tramways.

<sup>2</sup> Stalybridge, Hyde, Mossley and Dukinfield Tramways and Electricity Board Act, 1901.

<sup>3</sup> Middlesbrough Corporation Act, 1919. Middlesbrough Corporation also operate their own services.

<sup>4</sup> Mynyddislwyn Urban District Council Act, 1926.

<sup>5</sup> Colne Corporation Act, 1933.

committee appointed by each of the constituent authorities in agreed proportions. The profits are distributed among, or deficiencies borne by, the constituent authorities on an agreed basis.

Only the Burnley and Stalybridge schemes are of great importance, the former operating 112 buses and 36 trams and the latter 64 buses and 25 trams. The West Monmouthshire Board operates 17 buses, whilst the Tees-side Board has only 5 buses, but also operates 14 trackless trolley vehicles.

### 3. *Mixed Undertakings.*

The essential difference between a joint board and a mixed undertaking is that whilst in the former the constituent members are all local authorities, the latter is composed of both local authorities and private operators. There are at present seven mixed undertakings operating omnibuses. Of these, in four cases (Halifax, Huddersfield, Sheffield and Todmorden) railway companies and in three cases (Hull, Keighley and York) omnibus companies are in partnership with a local authority. As the railway-local authority joint committees are different in origin and structure from the three others, it will be convenient to deal with them in one group.

Immediately after the railway companies obtained their road transport powers <sup>1</sup> in 1928 they approached those local authorities who possessed omnibus undertakings with a view to some form of co-operation. In order to understand the reason for these agreements it is important to remember that both parties were under certain statutory disadvantages.

The railway companies were, on their part, under the restriction that, where there existed at the time of the passing of the Act an adequate and satisfactory service of trams or omnibuses provided by a local authority, the companies could not, without the consent of the local authority, run any road services in competition within the boundary of such local authority. Where a railway company ran services from within the local authority's area to places outside the boundary no passenger could on the same journey be both taken up and set down within the boundary. Apart from this the local authority at that time was the

<sup>1</sup> The four Railway (Road Transport) Acts passed into law on August 3, 1928. Section 11 in each Act gives the company power to enter into working agreements with local authority operators.

licensing authority and could, subject to the right of appeal to the Minister of Transport, grant or withhold licences.<sup>1</sup>

The local authorities were under equally serious disadvantage, as operators of road transport, in that they had only restricted powers of operating outside their own boundaries. In 1928, about 40 per cent of local authority operators were empowered to run only within their own area and, of the remainder, the majority could operate only for short distances outside.

The L.M. & S. and L. & N.E. Railway Companies were especially active in this matter, mainly because the majority of local authority undertakings were within their areas. The Companies proposed the following terms as the basis for an agreement. The statutory omnibus services in and around the town were to be divided into three categories: category A to be services entirely within the municipal boundary; category B to be services running a short distance outside the boundary; and category C to be services extending for a considerable distance outside the boundary. All A routes were to be operated as the property of the local authority and all C routes as the property of the railway company. The B routes were to be managed by a joint committee composed of eight members—four to be elected by the local authority and four by the company.

Of the local authorities approached, agreement was reached in only four instances—Halifax, Huddersfield, Sheffield, and Todmorden. Many authorities whose services were already well developed saw little or no advantage in joint operation with the railways, for already they possessed inter-running agreements with outside authorities and the large bus companies. Further, the fact that the agreement might mean the sale of part of their services weakened its attraction to many authorities.<sup>2</sup> Many, of course, possessed no outside running powers and would not, therefore, be subject to competition from any railway-owned road services which might be commenced. Finally, the whole position was soon altered by the introduction of the Bill which

<sup>1</sup> Cf. Proceedings before the Joint Select Committee on the Railway (Road Transport) Bills, where it was stated that Sheffield Corporation did not want special safeguards against the running of buses by the railways as no railway company could run a bus within their area without the sanction of the City Council, who would take into account whether there already existed an adequate service. Sir William Hart's evidence, June 5, 1928.

<sup>2</sup> For example, Chesterfield Corporation refused an offer for its transport undertaking from the two railway companies.

eventually resulted in the present licensing system. On the whole it cannot be said that the railway companies' efforts in this direction bore much fruit. Indeed, in two instances where the railways were successful, there were peculiar circumstances in their favour; in one the local authority was operating certain services of doubtful legality and in the other the antagonism of neighbouring local authorities had placed considerable difficulty in the way of the operation of distance services.

The salient feature of these railway agreements is that certain services<sup>1</sup> are under the control of a joint committee composed of four members appointed by the local authority and four by the railway companies. Where there are two companies concerned (Halifax and Sheffield) each company appoints two representatives. The chairman is appointed each year by each side alternately. The general manager of the Corporation's undertaking manages the committee's services and the railway company's vehicles are garaged at the Corporation's garage, a rent being paid for this. Profits and losses on the joint services are shared equally, equal capital investment having been secured at the outset by the company buying a portion of the local authority services and vehicles.<sup>2</sup> Each of the parties agrees to promote the interest of the other's services and not to inaugurate alone, or in association with any other company or interest, any new services in the joint area except by mutual agreement. Time-tables and fares have to be approved by the joint committee and the services have to be arranged to give, as far as possible, at least the same co-ordination or working between the railway system and the road services as they would if the railway company operated on the same routes independently of the Corporation. There is an arbitration clause to cover the possibility of disagreement between the parties. The agreements are for ten years and subsequently may be terminated on twelve months' notice by either side.

Of the three other mixed undertakings the Hull joint committee is the closest in form to the four joint committees just described. Here the private company which is in partnership with the Corporation is the East Yorkshire Motor Services, Limited, the controlling interest in which

<sup>1</sup> In the case of Huddersfield and Tormorden all the Corporation's omnibus services, but in the other two cases only the B services are jointly operated.

<sup>2</sup> Sheffield Corporation received £63,000, of which £29,036 was for goodwill and £33,964 for vehicles.

is shared equally by the London and North Eastern Railway Company and the Tilling and British Automobile Traction Co., Ltd. There had been friction between the Corporation and the Company services for some time and a co-ordinating agreement was the obvious remedy. The Corporation desired to obtain some control and operating right in the greater Hull area which contained a rapidly developing residential belt beyond the city boundary and a number of outlying villages: such operating right could hardly be obtained from the Traffic Commissioners because the Company already adequately served the area. The Corporation services were with one exception limited to the city boundary; this boundary, however, had been extended in 1929 and in the added area between the old and new boundary the Corporation had few services, the majority being operated by the Company. The Corporation's bargaining position was therefore not strong. It was agreed in 1933 to divide the services into A, B and C areas, but, owing to the peculiar circumstances, the A area in this case did not coincide with the City boundary but fell somewhat short of it: the B area contains part of the City and a certain belt round the City. The Corporation operate the A services and the Company the C services. For the B services a joint committee composed of two members (with two reserve members) from each side was established. The committee controls the operation of existing and the institution of future services which both pick up and set down passengers on the same journey in area B, and arbitrates upon alteration of fares on A and C services where such alterations may affect the revenue of the pool. Disputes are to be settled by arbitration. The whole of the receipts on B services are pooled and divided in equal shares, each party operating equal mileage. This arrangement is peculiar because the joint committee possesses no actual assets but is really a supervisory committee imposed on an inter-running pooling agreement.

The mixed undertaking in which Keighley Corporation and the West Yorkshire Road Car Co., Ltd., are the partners differs both in origin and form from the railway joint committees. The motor-bus and trackless trolley<sup>1</sup> services of the Keighley Corporation had been unremunerative for some time, due partly to their limited sphere of operation and partly to the competition of privately operated services. The West Yorkshire Company, despite an intensive campaign

<sup>1</sup> Subsequently abandoned.

in acquiring the services of other operators in the district and in co-ordinating their services, still found co-ordination with the Corporation's services difficult. Negotiations were therefore entered into, and in October, 1932, agreement was reached. A limited liability company entitled the Keighley-West Yorkshire Services, Ltd., was registered to manage all the services within an area of approximately 8 miles from Keighley, with the exception of certain services on the Bradford route.<sup>1</sup> The assets of each side were valued and equality of value obtained by certain small financial adjustments. The Company has an authorised capital of £1,000, but the only shares subscribed are by the directors, who take up £1 share each. There are seven directors, three nominated by the Corporation and four (including the chairman) by the West Yorkshire Co. By an agreement between the West Yorkshire Company and the joint company all the joint services are managed as part of the West Yorkshire Company's undertaking and all employees are engaged by that company. After provision has been made for a depreciation fund the profit or loss on the joint services is shared equally by the two parties.

The West Yorkshire Road Car Co., Ltd., is also a party to the York joint committee. Here the Corporation operated tram, trackless trolley and omnibus services which, after 1929, had been running at an increasing loss involving, between 1929 and 1933, a total charge of nearly £30,000 on the rates. In 1932 the Corporation and the Company agreed that a new company should be formed entitled the York-West Yorkshire Services, Ltd., the capital of which was to be subscribed by the two parties. The Corporation, like other municipalities,<sup>2</sup> had no power to take out shares in any company, the York Corporation Transport Bill was therefore promoted. Parliament was asked to authorise the Corporation to transfer their light railway, trolley vehicle and public service vehicle undertakings to a Company to be formed under the Companies Act, 1929; to subscribe money to the share capital and to provide money on loan to such Company; and to provide for abandonment of light railways and

<sup>1</sup> This exception is due to the Keighley and Bradford Corporations having inter-running agreements on this route, for which it was found impossible to negotiate.

<sup>2</sup> A rare exception to this is Manchester Corporation, who were given certain powers to subscribe to the Manchester Ship Canal Co. It must be noticed that in the Keighley scheme neither party subscribed capital to the Company.



trolley vehicle routes. The Bill was rejected by the House of Commons' Select Committee, the Preamble not having been proved to their satisfaction. A new arrangement had therefore to be found and agreement on this was reached in 1934.

All the Corporation's transport services are now operated in connection with the Company's services. A joint committee consisting of three members appointed by each side, the chairman being appointed alternately every three years, was set up to manage the joint services. The assets of these services are jointly provided and net profits divided equally. Before any tramway or trolley vehicle route may be abandoned the Corporation must be consulted, and if agreeable they will promote a Bill to this end at their own expense. Special fares for workmen and children must be continued. It is expected that no rate aid will be necessary in the future.

#### *(4) Sale or Leasing.*

It is natural that local authority services, forming as they usually do small islands in the areas of the big private companies, should have been the subject of many offers of purchase. There have, however, been very few instances where the sale of the whole omnibus undertaking has taken place. The part sales which are a feature of certain of the joint committee agreements must be regarded rather as adjustments. In Scotland, however, sales have been commoner, mainly because of the small number of isolated authorities and the predominance of the Scottish Motor Traction group. Four Scottish Corporations have within recent years sold their transport undertakings to the Scottish Motor Traction Co., Ltd., or its subsidiaries. In two cases, Kilmarnock and Perth, the omnibus services were sold to the Company, whilst in the other two cases, Ayr and Kirkcaldy, the tramways were sold with the agreement that the Company should run omnibuses in substitution. The main features of these agreements are that the Corporation receives a lump sum down and a specified annual payment for twenty-one years, the Company taking over the Corporation employees involved.

A similar development has been noticeable in Yorkshire where certain local authorities<sup>1</sup> have abandoned their

<sup>1</sup> Dewsbury Corporation and Ossett U.D.C. (to National Electric Construction Co. and Yorkshire (W.D.) Electric Tramways, Ltd.) and the Dearne District Light Railways Joint Committee (to the Yorkshire Traction Co., Ltd.). In the former instance the Company had already been operating the tramways under a lease from the Corporation.

tramways and entered into an agreement with a private company to provide omnibus services. Two other cases may be mentioned as further exemplifying the attraction of this method to local authorities. In 1928 Worcester Corporation purchased the undertaking of the Worcester Electric Traction Co., Ltd., and entered into an agreement with the Birmingham and Midland Motor Omnibus Co., Ltd., by which the tramways should be abandoned and the Company should substitute omnibuses. Similarly the Scarborough Corporation in 1931 purchased the Scarborough Tramway Company and the United Automobile Services, Ltd., by agreement, substituted its omnibuses for the trams. In both these instances it must be noticed that the Corporation possessed omnibus powers, but instead of setting up their own services they found the Company's terms more attractive. In the case of Worcester, for example, the Company pays the Corporation all the receipts taken on certain routes after the deduction of a pre-determined amount for operating costs.

## CHAPTER IV

### PRIVATE OPERATION

PUBLIC service vehicle operation by private enterprise differs from local authority operation in two important respects: with the former, sanction of Parliament is not required before money can be expended and a service started and, once the service is started, the operator is under no peculiar statutory limitation as to his area or route of operation.<sup>1</sup> There is one reservation to this general statement. Certain private operators were originally established as tramway companies and, Parliamentary sanction being required before a tramway can be operated, the companies were incorporated by Private Act as statutory companies. They are therefore in a similar position to all statutory bodies, such as local authorities and railway companies, in that their powers are definitely specified by Parliament. In general, however, the statutory difficulties which encumbered local authority development have been absent and hence private operation shows a greater variety of organisation and services. The different types of organisation found among private operators may be conveniently divided into (1) associated companies, i.e. companies associated with the Tilling and Scottish Motor Traction combines, (2) the London Passenger Transport Board, and (3) independents. Of about 39,500 vehicles covered by the term "private operation" the associated companies own about 40 per cent, the London Passenger Transport Board owns about 16 per cent, the remaining 44 per cent are owned by independents.

#### *I. Associated Companies.*

In the road passenger transport industry there has for long been a tendency towards combination and in recent years this has resulted in an ever-widening gap between the

<sup>1</sup> The position since 1930 is slightly different in that Parliament through the statutory Traffic Commissioners may be regarded as sanctioning and restricting all classes of operation; in principle, however, the differences still exist.

small operator and the large combine groups. Combination has, in England and Wales, taken the form not of one large operating company but of holding companies with extensive interests in some fifty operating companies. There are five main holding companies: British Electric Traction Co., Ltd., Thomas Tilling, Ltd.,<sup>1</sup> Tilling and British Automobile Traction Co., Ltd., National Omnibus Co., Ltd., and the National Electric Construction Co., Ltd. In Scotland it is an operating company—Scottish Motor Traction Co., Ltd.—which has control through its investments in other operating companies. Associated with all these companies in various ways are the four main-line railway companies, and as the combination of road and rail is a salient feature of this first type of private operation it is proposed to outline its development.

#### *Development of Road and Rail Combination.*

As statutory authorities the railway companies may only exercise those powers and functions which have been conferred upon them by Parliament. Prior to 1928 their legal position as road transport operators was in doubt; certain companies possessed very limited road powers and certain were running services which were probably *ultra vires*. The total number of omnibuses owned by the railway companies in 1927 was insignificant in comparison with the total number of such vehicles in Great Britain. Of the individual companies, the Great Western with 232 motor omnibuses was by far the largest operator, and though that company holds the honour of being among the earliest of the operators of motor omnibus services (the Helston-Lizard service was started in August, 1903), legally speaking its power to run motor omnibuses was doubtful.

In 1928<sup>2</sup> the railway companies promoted Bills in Parliament to acquire general powers to operate both goods and passenger road services. The proposals became the subject of vigorous propaganda by both sides. The railway companies claimed that the new powers were required to enable them to supply the public with the most efficient and economical transport service and to secure the fullest

<sup>1</sup> Thomas Tilling, Ltd., still operates directly some services in the Brighton area.

<sup>2</sup> In 1922 the London and North Western and the Midland Railway Companies had promoted a Bill for the purpose of obtaining powers to carry merchandise by road. The Bill passed the Second Reading but was withdrawn in Committee.

measure of co-operation and co-ordination as between road and rail transport. They urged that it was unfair that, as ratepayers, they should contribute towards the cost of the roads but be debarred from using them. The opposition mainly concentrated on the fear that the railways might obtain a monopoly of road traffic, an aim which the companies denied. Considerable use was made of the undesirable effects of the acquisition of competing canals by the railways. There undoubtedly existed a strong feeling that road competition had provided the industrialist with increased facilities which the granting of powers to the railways might jeopardise. So strong was the opposition that a Select Committee of both Houses sat for thirty-seven days in the hearing of evidence. The Metropolitan Railway Company's Bill, being bound up with the peculiar transport problems of London, was rejected, but the Bills of the four main-line companies passed into law on August 3, 1928.

At this date there already existed a widely organised network of road services operated by local authorities, large omnibus companies and numerous small local operators. The railway companies were therefore faced with the choice between two policies; on the one hand, they could develop their own road services and so provide additional facilities in competition with existing services, or, on the other, they could come to some agreement with existing operators whereby some control was secured over these services.

The first policy would have resulted in adding considerably to the already chaotic condition of the road passenger transport industry. Apart from considerations of the public interest, there were more practical disadvantages. The railways would have experienced considerable difficulty in obtaining licences to run in many areas. Further, even if they had succeeded in running every service they desired, it would, in all probability, have been done only at a financial loss. The capital outlay would have been heavy and the ensuing fare-cutting struggle might have rendered it unremunerative.

If such a struggle had taken place the railways would probably not have been in as favourable a position as their competitors. First, they were under certain legal restrictions:

(a) they could not compete with the tram and omnibus

services of a local authority within its boundary as existing at the passing of the Railway (Road Transport) Acts unless those services were, in the opinion of the Minister of Transport, inadequate or unsatisfactory or unless the local authority gave its consent ;

- (b) regular and experimental omnibus services operated by the railway companies had to be notified to the Minister of Transport, and if they desired to withdraw a regular service a complicated procedure had to be gone through (including publication of notice of intention in the *London Gazette* and the obtaining of the consent of the Minister of Transport).<sup>1</sup>

Secondly, the railway companies' losses would not have been confined to their omnibus services. Any increase in road passenger facilities, especially in the way of reduced fares, would undoubtedly have attracted an increasing number of people away from railway travel. This was exactly what the railway companies desired to avoid, for their services had already been losing passengers to the roads.

The adoption of the second policy was thus almost inevitable and was eventually decided upon. The trend of the companies' capital expenditure in road passenger transport after the acquisition of their road powers is shown in Table I.

TABLE I  
CAPITAL EMPLOYED IN ROAD PASSENGER TRANSPORT BY  
AMALGAMATED RAILWAY COMPANIES

	At December 31.						
	1927.	1928.	1929.	1930.	1931.	1932.	1933.
Passenger road vehicles	£ 241,902	£ 349,612	£ 247,409	£ 229,165	£ 227,687	£ 218,516	£ 218,781
Subscriptions to omnibus undertakings	—	—	2,861,908	7,854,760	9,366,424	9,468,063	9,111,362
	241,902	349,612	3,109,317	8,083,925	9,594,111	9,686,579	9,330,143

(Compiled from the *Annual Railway Returns*.)

The table shows clearly the large increase in the railways' capital expenditure on road passenger transport as a result

<sup>1</sup> Section 44 of the Road and Rail Traffic Act, 1933, released the railway companies from this obligation.

of the 1928 Acts. The capital employed directly in passenger road vehicles, though it increased in 1928, has since steadily declined and now represents largely the companies' share of the capital expenditure of the services run jointly with local authorities. In 1928 the railway companies did extend their fleets, as is indicated by the rise in capital employed in passenger road vehicles in that year, but these vehicles have now been merged in the undertakings in which the companies possess a financial interest. At the moment, therefore, the railway companies are not directly operating omnibuses. The trend of the subscriptions to omnibus undertakings shows how fully the railways adopted the second line of policy. The manner in which these subscriptions were made is interesting in that it throws light on the rather complicated financial inter-relations which at present exist between the railways and the omnibus companies.

The railway companies' first move in the sphere of private operation was to acquire outright certain of the smaller undertakings. In addition, steps were taken to acquire interests in certain large companies, many of which were not associated with the Tilling group, principally the National Omnibus Co., Ltd., which at that time was one of the largest operating companies. The Tilling group responded by extending their holdings to other omnibus companies and, in particular, to those in which the railways had, or were attempting to obtain, an interest. With two such opponents in the market it was inevitable that sooner or later there would be a clash, and this arose over the attempt by both the London and North Eastern Railway Co. and the Tilling and British Automobile Traction Co., Ltd., to obtain a 51 per cent holding in the United Automobile Services, Ltd. The Tilling group originally bid 27s. 6d. per £1 share and then the railway company made another offer of 30s. per share. The Tilling company then asked permission to make a further offer, but the necessity for this was obviated by an agreement between the two bidders whereby an equal interest was acquired at 30s. per share, the market value of the shares being something around 29s.<sup>1</sup> A continuation of such a competitive policy was obviously financially undesirable to both sides and, in December, 1929, agreement was reached between the railway companies and the Tilling group, by which,

<sup>1</sup> Cf. *Economist*, June 29, 1929, p. 1466.

where the two were jointly interested in any operating company, their individual interests were to be equal. The agreement also involved a considerable reorganisation of the areas of many of the omnibus companies, and the omnibus services of the railways, along with the companies they had bought outright, were brought into this general re-arrangement which for all intents and purposes was completed in 1931.

#### *Organisation.*

The financial framework which has resulted from this agreement is complicated and only the main features may be set out here. The English group centres round the Tilling and British Automobile Traction Co., Ltd., which is purely a holding company having large interests in over 20 companies. The share capital of this company is mainly held by Thomas Tilling, Ltd., and the British Electric Traction Co., Ltd. The former is partly an operating and partly a holding company, though the transfer of its Metropolitan services to the London Passenger Transport Board considerably reduced its operating sphere, which is now confined to Brighton and district. The British Electric Traction Co., Ltd., however, is purely a holding company and, in addition to a financial interest in some 20 omnibus companies, it is also interested in a number of companies in the electricity and gas industry.

Apart from these three main companies two others may be mentioned. First, there is the National Electric Construction Co., Ltd., which is a holding company interested in some half-dozen omnibus and tramway companies; practically the whole of the issued capital is held by the British Electric Traction Co., Ltd. Second, there is the National Omnibus and Transport Co., Ltd., which is a holding company with three main subsidiaries. Thomas Tilling, Ltd., have the controlling interest in this company.

There are approximately 50 operating concerns in which the above companies have interests. In general, this interest is equal to that held by the railway companies, so that together the two possess the majority of the shares carrying effective voting control. This broad statement must, however, be qualified in three directions. First, there are a number of large operating companies in which the railways have no financial interest, e.g. United Counties Omnibus and Road Transport Co., Ltd., which is wholly



controlled by Thomas Tilling, Ltd. Secondly, there are some small operating concerns which are jointly controlled by two or more of the subsidiaries, e.g. W. C. Standerwick, Ltd., which is jointly controlled by the North-Western Road Car Co., Ltd., and Ribble Motor Services, Ltd. Finally, there may be more than one railway company interested in the same concern, in which case the total of their holdings is equal to that of the Tilling group's interest, e.g. the controlling interests in the Eastern National Omnibus Co., Ltd., are held by Thomas Tilling, Ltd. (through National Omnibus and Transport Co., Ltd.) 50 per cent ; London and North Eastern Railway Co. 25 per cent ; and London, Midland and Scottish Railway Co. 25 per cent.

The Scottish group of associated companies is a less complex organisation. Here there is one central company, the Scottish Motor Traction Co., Ltd., in which the London and North Eastern and the London, Midland and Scottish Railway Companies each own 25 per cent of the effective voting control. The central company, besides having controlling interests in ten bus companies, is also a large operator itself. In addition to their interests in the Scottish Motor Traction Co., Ltd., the two railway companies also have a similar interest in W. Alexander and Sons, Ltd., which is the largest Scottish Motor Traction subsidiary. The London, Midland and Scottish Railway Co. also has a substantial interest in two other omnibus companies in Scotland not financially connected with the Scottish Motor Traction group : David Macbrayne (1928) Ltd., and Highland Transport Co., Ltd.

So much for the financial structure ; it now remains to indicate the main working features of these associated companies. Mention must first be made of the centralised buying adopted by the Tilling group. This is done through the British Electrical Federation, Ltd., which purchases stores not only for the omnibus companies but also for the various other types of companies in which the British Electric Traction Co., Ltd., is interested.

More important are the agreements as to operating area. Most of the large bus companies started by having a large town as their centre. From merely supplying the local needs they gradually extended over a widening circle. This extension meant that at some time the company found itself meeting the similarly extending area of another company. For a time there was often some friction but generally some

tacit territorial agreement was reached. This was broadly the position which the railway companies found when they started to acquire financial interests in these companies. This rather loose delimitation of area which they found in existence did not suit them; partly because they desired to know the exact area of operation over which they had some control and also because it was necessary for them to divide the financial control among themselves in accordance with the respective areas of their railway operation. As a result there came into being a more rigid demarcation of each bus company's area. To-day practically the whole of England, Scotland and Wales is divided by written agreements among the associated companies. Any expansion or alteration of area involves further agreement between two or more companies.

The co-ordinated working of this widespread network of omnibus companies has produced a considerable interlocking of directorates. Table II shows the extent of this interlocking in 51 operating companies connected with the Tilling group.

TABLE II .  
ANALYSIS OF DIRECTORATE OF 51 TILLING GROUP COMPANIES

Number of Companies of which a Director.	Number of Directors Involved. Percentage of Total.	Total Number of Directors' Seats. Percentage of Total.
1 . . . . .	67 61.0	67 23.5
2 . . . . .	12 10.9	24 8.4
3 . . . . .	8 7.4	24 8.4
4 . . . . .	2 1.8	8 2.8
5 . . . . .	3 2.7	15 5.2
6 . . . . .	4 3.6	24 8.4
7 . . . . .	4 3.6	28 9.8
8 . . . . .	4 3.6	32 11.2
9 . . . . .	3 2.7	27 9.4
10 and over .	3 2.7	37 12.9
	110 100.0	286 100.0

(Compiled from the *Motor Transport Year Book*, 1932-3.)

The total number of directors' seats for the 51 companies was 286, or on the average 5.6 directors per company. There were, however, only 110 directors involved and hence, on the average, each director was concerned with 2 or 3 companies. The table is weighted by the 67 directors who are only attached to one company. If we take the directors who are on the boards of 5 or more companies, 21 people

have between them 163 director's seats ; in other words, 18.9 per cent of the directors cover 56.9 per cent of the available seats on the companies' boards. It is obvious, therefore, that these people must wield considerable power over policy and especially over the co-ordination of policy between the different companies.

In the omnibus companies in which the railways are financially interested there are two methods by which a co-ordination of road and rail services may be discussed. For each company in which the railway has equal financial interest with the combine group there is a standing joint committee. Invariably this committee is composed of four members : two from the omnibus side (including the Manager) and two from the railway side. The railway representatives are usually the area commercial officer and a road transport officer from the railway headquarters ; where two railways are interested in the company then each has one representative on the committee. The function of this committee is to consider and recommend measures by which the services of the omnibus company and the railway company can be co-ordinated, including the running of omnibus services in connection with railway stations and facilities to travel partly by road and partly by rail. The committee is also required to make proposals for developing the traffic of the area generally and to consider proposals for new omnibus services in the light of the general co-ordinated relationships of the parties.

Besides the standing joint committee the railway company also has representation on the omnibus company's board of directors. For example, in the case of the Eastern, Southern and Western National Omnibus Companies, the railway company and the Tilling group (acting through the National Omnibus and Transport Co., Ltd.) may each nominate half the board so long as each, or either, hold 50 per cent of the issued ordinary shares. Where the railways and the Tilling group do not hold all the voting shares between them, then, besides the equal number of railway and Tilling representatives, there are one or more directors representing the other voting interests.

The large size of their area and their development radially from urban centres have left the associated companies with comparatively few co-ordination problems as regards local services. Distance services are, however, in a different position. Here, the associated company is

confronted by two difficulties. First, the distance service will usually extend beyond the company's ordinary operating area into the operating area of other associated companies, and second, there is the managerial difficulty of controlling a distance service from a centralised organisation. For these reasons distance services are usually not operated by one company but by several acting in co-operation: for example, the Liverpool-Manchester-Hull-Newcastle service is jointly operated by six companies (including one non-combine company).

A particularly interesting attempt to deal with overlapping and duplication of facilities is the Cheltenham scheme. Here the distance services to the west of England of six companies have been co-ordinated with Cheltenham as the centre. Each company retains its own individuality and operates on definite sections of the routes. The services are, however, operated under the group name "Associated Motorways" and there is a management committee on which each company is represented.

Another device sometimes adopted by associated companies is to buy up jointly a small company already operating a long distance service and leave it as a subsidiary. During the last three years three companies on the Blackpool-London service have been bought up and operated in this manner.<sup>1</sup>

## *II. London Passenger Transport Board.*

After a succession of committees and commissions had discussed the problem of London transport the London Passenger Transport Board was finally established in 1933.<sup>2</sup> The Board is composed of a chairman and six other members appointed for a term varying between three and seven years, by Appointing Trustees. The Trustees consist of the chairman of the London County Council; a representative of the London and Home Counties Traffic Advisory Committee; the chairman of the Committee of London Clearing Bankers; the president of the Law Society; the president of the Institute of Chartered Accountants and, where it is a case of filling subsequent vacancies, the chairman or a nominated member of the Board. The members appointed on the Board must have had wide experience,

<sup>1</sup> By the North-Western Road Car Co., Ltd., and the Ribble Motor Services, Ltd.

<sup>2</sup> London Passenger Transport Act, 1933.

and have shown capacity in transport, industrial, commercial or financial matters or in the conduct of public affairs; two members must have had at least six years' local government experience in the area. Members of Parliament cannot be appointed nor may a member of the Board hold any securities issued by the Board. Where a member is directly or indirectly interested in any contract proposed to be made by the Board he must disclose the fact and he cannot take part in any deliberation or decision of the Board in respect of such contract. The Minister of Transport may, after consultation with the Appointing Trustees, remove any member of the Board for inability or misbehaviour.

The Board is charged with the statutory duty of providing an adequate and properly co-ordinated system of passenger transport, and it must avoid the provision of unnecessary and wasteful competitive services. To this end there were transferred to the Board at various dates undertakings carrying on the different forms of London transport, viz., the railways controlled by the Underground London Electric Railway Co., Metropolitan Railway Co., etc.; the tramway and trackless trolley systems of the London County Council, London United Tramways, Ltd., etc.; and the omnibus services of the London General Omnibus Co., Ltd., Green Line Coaches, Thomas Tilling, Ltd., and numerous independent operators. Some indication of the extent of the Board's operations may be gained from Table III.

The power of the Board to operate omnibuses varies according to the area in which the service is run. In general, the Board has power to operate public service vehicles within a defined area (the London Passenger Transport Area of approximately 1,986 square miles) and outside that area (a) on certain specified roads; or (b) not more than half a mile (in the county of Berkshire one mile) for the purpose of reaching a convenient terminal point or stand; or (c) within a radius of 10 miles (in the county of Kent 5 miles) from any point on the boundary if in accordance with working agreements. The Board cannot pick up and set down the same passenger within the borough of Luton and on certain specified roads.

That part of the London Passenger Transport Area which lies within the London Traffic Area<sup>1</sup> is known as the

<sup>1</sup> As defined by the London Traffic Act, 1924.

TABLE III  
LONDON PASSENGER TRANSPORT BOARD STATISTICS—YEAR ENDING  
JUNE 30, 1934

	Railways.	Omnibuses and Coaches.	Tramways.	Trackless Trolleys.
Route miles . .	174	2,388	328	18
Railway passenger cars owned .	3,156	—	—	—
Road passenger vehicles owned .	—	6,297	2,560	61
Number of passenger journeys originating on the Board's system . . .	415,881,626	1,950,467,346	1,002,411,709	27,239,437
Service passenger car miles run by the Board's vehicles . .	151,662,845	258,199,086	102,042,550	2,650,788
Average number of wages staff employed . . .	13,413	36,103	18,729	

Figures of Capital Expenditure are not yet available, but the nominal amount of London Transport Stock issued and outstanding at June 30, 1934, was £109,367,811. This figure is somewhat below the final figure because the sums payable for a number of the transferred undertakings had still to be determined.

Special Area and covers approximately 1,500 square miles. The Board has virtually a monopoly of passenger road transport within the Special Area, for no person can operate a stage or express carriage service there without the written consent of the Board, except (a) where the same passenger is not picked up and set down within the area, or (b) where the service enters the area for less than half a mile for the purpose of reaching a convenient terminal point or stand. There are three small gaps in the Board's transport monopoly. First, taxi-cabs are still in the hands of private firms; secondly, private operators may still carry on private hire or contract carriage work; and thirdly, the four amalgamated railway companies run railway services within the area. With regard to the last, a Standing Joint Committee has been established composed of eight members, four appointed by the Board and one by each of the railway companies. This Committee must consider proposals for co-operation between the parties, including such matters as through bookings and inter-availability of tickets. A pooling scheme has been established to facilitate this co-operation.

For the minor portion of the Board's operating area which lies outside the Special Area the Board must apply for road service licences in the same manner as other public service vehicle operators and subject to their competitive applications and objections. In considering such applications the Metropolitan Traffic Commissioner must, however, take into account the general duty imposed on the Board of securing the provision of an adequate and properly co-ordinated system of passenger transport.

The Board represents an important development in the organisation of passenger transport. Its constitution and powers have numerous aspects which ultimately will require close study in the light of their practical working. It is, however, much too early to be able to do this.

### *III. Independents.*

The term "independent" is a broad one and generally indicates that the operator to whom it is applied is not financially connected with the Tilling or the Scottish Motor Traction groups. In particular, it tends to be identified with the small operator, for certain companies, though not under the control of either of the two main combine groups, are by reason of their size more closely related to the large associated companies than to the small local operator and in fact co-ordinated running agreements frequently exist between them. Such companies as the Lancashire United Transport and Power Company, Ltd., and Red & White Services, Ltd., are, both in outlook and characteristics, fairly similar to the associated companies. Mention must also be made of the Balfour, Beatty group which controls various companies in the Midlands, the chief being the Midland General Omnibus Co., Ltd.

Numerically, independent operators form by far the largest group, some 90 per cent of the operators coming under this heading. Measured by the extent of their services, however, their importance is much less as they account for probably less than 15 per cent of the passengers carried. Operators owning four or less vehicles predominate and it is to their small size that many of the troubles of the independent can be traced. Attempts to solve their difficulties have largely taken the form of establishing district associations which allow the members both to maintain their individuality and to achieve some of the benefits of combined action.

The activities of these district associations have, generally speaking, two aspects : legal and economic. The recent flood of legislation affecting road transport has placed upon every operator the need for understanding complicated legal phraseology, filling in many forms, observing numerous statutory requirements and generally conducting his operations strictly within a legal framework. This is probably the main reason for the establishment of district associations. Usually the secretary of the association looks after the legal side of the operator's business ; he deals with licences and conducts applications before the Traffic Commissioners and opposes other applications at the request of members, though, where the opponents are members of the same association, the secretary is seldom used. In the case of an Appeal to the Minister of Transport it is usual for an expert counsel to be engaged by the operator. In addition to preparing and conducting applications the secretary is usually available to advise members on legal questions. For these services members pay a subscription varying with the number of vehicles owned. Many of these district associations are joined together to form a national body, e.g., the Motor Hirers and Coach Owners Association is composed of some 22 affiliated associations. The main function of the national association is to watch the interests of its members, especially in Parliament, and to this end it makes representations and issues memoranda and acts in the usual way of employers' protection societies. Its other important function is to express the industry's opinion to the Minister on any proposed Regulations, the Road Traffic Act specifically requiring the Minister to consult representative organisations before issuing such Regulations.

The economic character of the work of the district associations varies considerably. The most common duty is the inter-hiring which takes place between members, and this is frequently arranged by the secretary. When, as sometimes happens, several of the members operate stage-carriage services over the same or related routes, a rota time-table is generally arranged with the approval of the Traffic Commissioners, each member running his proportion of the total time-table according to his position on the rota. At first the Traffic Commissioners favoured this loose organisation of the individual services of operators, but the difficulties of apportioning individual blame for breaches of licence conditions have caused something of a reversal



in their attitude. It is not usual for the association to act as a central purchasing agency. Sometimes this is done for petrol, oil, tyres and tickets, but generally the variety of makes of vehicles owned by members is an obstacle to large-scale purchasing.

It must not be thought from the foregoing that all operators are members of a district association, for such is far from the truth. Speaking generally, independent operators have not shown any great enthusiasm for combined action: the fact that they are so frequently in direct competition often makes it difficult for them to discover a permanent basis for common action. But the events of the past four years have undoubtedly forced them to recognise more and more the value of some form of association.

## CHAPTER V

### THE SIZE OF ROAD TRANSPORT CONCERNS

DISCUSSIONS concerning the scale of industrial operation, and its relation to efficiency or to the character of the goods or services produced, are usually prefaced by the important distinction between the technical unit in industry, which is frequently called the factory or plant, and the commercial unit, which may be described as the concern. Such a distinction is not always clear cut, but it is, nevertheless, valuable in analysis, for it need not be stressed that the forces which determine the most suitable size for a factory are not necessarily those which dictate the most efficient size for a concern. In examining the question of scale of operation in road transport, the distinction is perhaps less definite than in manufacturing industry as a whole. What, in this case, is the technical unit? Is it an individual vehicle, a group of vehicles operated from one central garage or the whole group of vehicles managed by one executive head and covering perhaps a chain of garages? And if a number of such groups are controlled financially through a holding company, such as the Tilling group, have we here one concern or several? On the one hand it might be urged that the control of a holding company has little effect upon the system of running vehicles or the efficiency of their immediate technical and administrative management. On the other hand, it would have to be admitted that the holding company, perhaps through the bulk purchase of materials, may affect the cost of operation of all the groups of vehicles with which it is associated. Clearly, the dividing-line chosen must depend upon the purpose of the analysis to be made and perhaps must always be somewhat arbitrary. But in the present chapter it is intended to examine the relation between the size, the character and the efficiency of road transport concerns, that is to say, groups of vehicles controlled in their technical and, to a large degree, in their commercial operation by one executive head. The different subsidiaries in the Tilling group, for example, will be considered as separate units, although, in fact, as the previous chapter has shown, they are in some respects operated as a related system. The distinction between the

technical and commercial unit is, however, quite definite in the case of the independent and local authority operators.

There are a number of ways by which the size of the concern might be measured: vehicles owned, passengers carried, area covered, route miles operated or capital invested. The only information available is that in which individual operators are classified by the number of vehicles they own. Whilst such an index of size has certain drawbacks, on the whole, it seems to be satisfactory. Table I shows the number of operators at December 31, 1933, analysed according to the number of vehicles owned.

TABLE I

ANALYSIS OF PUBLIC SERVICE VEHICLE OPERATORS ACCORDING TO  
NUMBER OF VEHICLES OWNED AT DECEMBER 31, 1933

Number of Vehicles Owned by each Operator.	Number of Operators.	Per cent of Total Operators.	Number of Vehicles Owned.	Per cent of Total Vehicles.
Nil . . . . .	10*	0.2	—	—
1 . . . . .	2,580	43.6	2,580	5.7
2 . . . . .	1,178	19.9	2,356	5.2
3 . . . . .	714	12.0	2,142	4.7
4 . . . . .	408	6.9	1,632	3.6
5 to 9 . . . . .	612	10.3	3,813	8.4
10 „ 14 . . . . .	148	2.5	1,720	3.8
15 „ 19 . . . . .	60	1.0	997	2.2
20 „ 24 . . . . .	34	0.6	760	1.7
25 „ 49 . . . . .	66	1.1	2,257	5.0
50 „ 74 . . . . .	35	0.6	2,084	4.6
75 „ 99 . . . . .	16	0.3	1,376	3.0
100 „ 149 . . . . .	20	0.3	2,311	5.1
150 „ 199 . . . . .	11	0.2	1,838	4.1
200 „ 499 . . . . .	17	0.3	5,171	11.4
500 „ 999 . . . . .	11	0.2	7,102	15.7
1,000 „ 1,999 . . . . .	1	—	1,023	2.2
2,000 and over . . . . .	1	—	6,159	13.6
Total . . . . .	5,922	100.0	45,321	100.0

(Third Annual Reports of the Traffic Commissioners, 1933-4. The figures have been adjusted to allow for (a) returns received after the publication of the Reports and (b) certain errors in the figures relating to the London Passenger Transport Board.)

\* These persons operated with hired vehicles.

The predominance of the very small operator is clearly revealed; 2,580 or 43.6 per cent of the operators have only one vehicle, whilst 4,890 or 82.6 per cent have less than 5 vehicles each. At the other extreme there are 2 operators owning more than 1,000 vehicles each. As the number

of vehicles owned increases, the number of operators progressively decreases. Nevertheless, though numerically small, the large operators own the majority of the vehicles. The London Passenger Transport Board with its 6,159 vehicles is much larger than the 1- and 2-vehicle operators taken together. The average size of operators owning less than 100 vehicles is 3.7 vehicles against 387 in the larger size group. Though 99 per cent of the operators are in the less than 100-vehicle group they own slightly less than half the total vehicles, a striking contrast to the 1 per cent of operators owning 52 per cent of total vehicles. It cannot, therefore, be assumed that the optimum size of operation is 1 or 2 vehicles, especially in view of the development towards larger units in recent years. There are no official figures of operators prior to 1931, but even since that recent date there is evidence of the growing concentration into larger units.<sup>1</sup> Some indication of the increase in the size of 18 of the largest companies for which information is available during the period 1923-33 is given in Table II.

TABLE II

## 18 ASSOCIATED COMPANIES

*Increase in Number of Vehicles Owned, 1923-33*

Name of Company.	1923.	1933.
Aldershot and District . . . . .	80	211
Birmingham & Midland . . . . .	340	1,015
Devon General . . . . .	61	208
East Kent . . . . .	168	392
Eastern Counties . . . . .	49	578
Hants & Dorset . . . . .	38	193
Maidstone & District . . . . .	119	465
Northern General . . . . .	110	358
North-Western . . . . .	80	406
Potteries . . . . .	40	216
Scottish Motor Traction . . . . .	130	550
Southdown . . . . .	166	588
Thames Valley . . . . .	58	136
Trent . . . . .	90	270
United Automobile . . . . .	300	750
United Counties . . . . .	68	220
Western S.M.T. * . . . .	44	690
Yorkshire Traction † . . . . .	88	202
	<u>2,029</u>	<u>7,448</u>
Average—18 Companies . . . . .	113	414

(Compiled from the *Motor Transport Year Book* 1923-4 and 1933-4.)

\* Scottish General Transport Co., Ltd., in 1923.

† Barnsley and District Traction Co., Ltd., in 1923.

<sup>1</sup> Cf. page 180.

These 18 companies owning over 16 per cent of the public service vehicles show an average increase in size of 266 per cent. High though this percentage is, it probably underestimates the increase in the activity of these companies, for it does not reveal the increase in seating capacity and vehicle mileage which has made for economy in the number of vehicles. Some part of this almost fourfold increase is accounted for by the development of services which were operated by the companies in 1923, but in the main it reflects a policy of absorption of smaller operators. In face of this tendency towards large-scale operation the predominance of the small operator can be explained only by reference to the relation between the scale of operation of a concern and the type of service in which it is engaged.

*The Relationship between Scale of Operation and Type of Service Operated.*

There are no detailed figures available as to the services of individual operators. In Table III it has been possible to construct, from information supplied, an analysis of passengers carried on the different types of services into three groups of operators: local authorities, private operators with less than 100 vehicles and private operators with 100 or more vehicles. It has not been thought necessary to divide local authorities into two groups because the size of a local authority has little or no effect on the type of service it operates.

TABLE III

## ANALYSIS OF PASSENGERS CARRIED ACCORDING TO SIZE OF OPERATOR

Year ended December 31, 1933

[illegible]

The table shows that whilst the private operators owning more than 100 vehicles carried 61 per cent of the stage-carriage passengers, they only carried 17.5 per cent of the excursion and 17.9 per cent of the contract passengers, the vast bulk of the passengers on the last two services being carried by the operators owning 100 or less vehicles.

The small part played by the local authorities in any service other than stage-carriage is a result of legal rather than economic forces. The statutory restrictions which have prevented local authorities operating for any appreciable distance beyond their boundaries have made the running of express and excursion services almost impossible.<sup>1</sup> But the peculiar distribution of services between large and small private operators does appear to be a case where scale of operation and the function of the operator are linked together in several ways.

1. *Size and Class of Traffic.*—The efficient provision of sufficient transport facilities to meet the public demand involves the provision of the correct number of vehicles, at the right time and on the correct routes, and with the least waste mileage or seating.

The number of vehicles required is determined by the frequency of the timings, the speed of the vehicles, the length of the route, and the necessary reserve to cover the peak load and vehicles withdrawn owing to breakdowns or repairs. The largest number of vehicles will, therefore, usually be required on urban stage-carriage services, for here, though the route may be short, the timings are frequent and there is usually a high reserve required for the morning and evening peaks. To cover all possibilities a minimum fleet of 4 or 5 vehicles will generally be required to run a complete<sup>2</sup> stage-carriage service of any importance. This figure would not allow the use of these vehicles on other types of service except at off-peak times and therefore the minimum figure would be nearer 10 if excursions and tours were also to be operated. The minimum figure of 5 vehicles would cut out 82.6 per cent of the operators whilst, if the minimum is raised to 10, another 10.3 per cent would be excluded, leaving only 7.1 per cent of the operators effectively interested in urban services. The small operator does, however, operate a considerable number of stage

<sup>1</sup> See Chapter III, Local Authority Operation.

<sup>2</sup> Cf. page 54 for considerations against running stage services in conjunction with other or competing operators.

services and the reason these do not bulk large in the total passengers carried is because they are mainly in rural areas where the demand can be covered by one or two vehicles. Express services also require a fairly large number of vehicles owing to the length of the route, though as the length increases the frequency of service required declines. Excursions and private hire work may be carried out with one or two vehicles, for not only is the demand comparatively small but also the operator is under no obligation to meet it; in fact he may be regarded as the initiator of much of the demand.

The arrangement of time-tables and routes requires a detailed knowledge of the demand for transport. With small-scale operation it is reasonably easy to keep in touch with the passenger. The owner-driver, for example, knows his passengers personally; he knows when and why they travel and their needs. With large-scale operation this intimate touch with the public is absent, or at least is extremely difficult to attain. Correspondence and traffic statistics are at best an imperfect substitute for personal contact. This difference between large- and small-scale operation accounts for much of the present division of function. It is more important to know intimately the passenger's needs in the case of irregular than of regular services. In particular, the urban stage-carriage service requires the least personal contact between operator and passenger; an estimate of the possible demand for a new local route may be obtained by means of a survey of the number of inhabitants along the route and their places of business; once started, the service may be managed almost wholly by traffic statistics. In comparison the demand for excursions and tours, and to a less extent, contract carriages, tends to be local and personal in its nature, generally demanding from the operator a close contact with the public and the capacity to make decisions at short notice.

The problem of providing an adequate service but at the same time reducing to a minimum the number of waste miles and surplus seats is mainly associated with the regular types of service, for the supply of irregular services bears a simpler relation to the demand. Stage services and, to a lesser degree, express services, must be provided to meet a pre-arranged time-table and pick up their passengers along the route. Hence there are greater difficulties in the way of adjusting the supply to the demand with any degree of immediate exactness. In general, these difficulties arise

out of an attempt to reconcile four conflicting aims. The most obvious aim of all traffic management is to secure the highest receipts per vehicle mile. This aim is, however, complicated by the existence of standing charges and, therefore, the object must be to run as many miles per vehicle as possible so long as the receipts from each vehicle mile cover the prime cost of operation, since this not only reduces the standing charges per vehicle mile but also encourages the public to travel. Conversely it follows that as few vehicle miles as possible should be run with revenue insufficient to cover prime costs. Finally, the management must be able to provide for unexpected demands at short notice.

The desire to maximise the revenue per vehicle mile encourages the amalgamation of competing operators on regular services ; this can be seen from a simple example. Three operators compete on a stage-carriage service between A and B—each operates a 20-seater vehicle, the prime cost of operation being 5*d.* per vehicle mile. If the fare is 1*d.* per mile each operator will continue to run his service providing he can obtain an average of, say, 6 persons per vehicle mile. It follows therefore that each vehicle will on the average run with 14 empty seats. Two methods may be tried, under competition, to reduce this waste. On the one hand, the vehicles may be replaced by others of smaller size, but this will probably prove impracticable because of the necessity of meeting the peak demand at which time the vehicles may be full to capacity and in addition the operating costs would not be proportionately reduced. On the other hand, each operator may try to fill some of the empty seats by charging a slightly lower fare than his competitors, hoping that the result will be a net increase in vehicle mile receipts. Most of these extra passengers will be persons who previously travelled on the competitive vehicles, and hence if these operators are to safeguard even their existing revenue they too must reduce fares accordingly. Neither alternative presents a solution and hence recourse is often had to some form of co-ordinated running or, what is more usual, the larger operator buys out his competitors. He is thereby able to save,<sup>1</sup> on the average,

<sup>1</sup> Much of the gain from this process is the result of monopoly rather than large-scale operation. Prior to the Road Traffic Act, 1930, it was generally impossible to eliminate the possibility of competition, but the larger companies were generally in a strong position to withstand attacks on any routes on which they already possessed a monopoly. Since the Act, however, there is little or no fear of a new competitor appearing on a route.



two vehicles or, as it would generally work out in practice, the miles operated by those two vehicles at off-peak periods. In addition, if he also operated on adjacent routes, he would gain the advantage of being able to adjust his vehicle schedule so as to secure the maximum remunerative mileage. A network of routes, possibly with differing demand times, makes it possible not only for vehicles but also for drivers and conductors to be worked with the minimum of standing idle.

The difficulty of running a minimum of waste or unremunerative vehicle miles becomes greater with the increase in the distance between the place of demand and the management or garage centre. If the demand arises near the point where vehicles are available, no difficulty will occur, at least not on the outward journey ; but if, on the return journey, there is little or no demand the vehicle still has to return to the garage. Therefore, even in this simple instance, a time will be reached when it is rendered profitable to establish another garage at some other point. This stage will be more quickly reached the longer the routes radiating from the centre or the greater the distance any individual route is from the centre. This decentralisation of vehicles is also rendered necessary in large operating areas in order to be able to meet unexpected demands caused by a vehicle breaking down or by a sudden rush of passengers. Within a short radius a vehicle may be run out to a spot comparatively quickly, but as the radius increases a stage is reached when it is impossible for a vehicle to arrive within a reasonable space of time.

The different types of service involve the operator in differing responsibilities, which have their reactions upon the size of the concern. An excursion may run for quite a distance, but the picking-up points are restricted to a few local ones and the passengers who return in the evening are those who journeyed out in the morning ; tours and contract services are similar in this respect. Fundamentally, therefore, the operating area for these services is restricted to the locality from which they originate and is not bounded by the limits of the routes, hence it is possible to manage them from the point of origin. Stage and express services, however, place upon the operator the responsibility of meeting the demand not only at certain points along the route but also the possibility of a different demand on the return journey. With express services in particular it is

necessary to be able to take vehicles off or place them on at both termini and at different stopping-points on the route. The difficulty may partially be overcome by requiring passengers to book their tickets a certain time before travelling, but the method is not wholly satisfactory and even so the problem of waste miles may still remain. This may be obviated by having a hiring arrangement with some other operator and this is a method sometimes adopted. The most recent and what appears to be the best solution of the problem is what may be termed "group management," i.e. the service is operated in conjunction with a group of operators each of whom is responsible for the part of the route which runs through his ordinary operating area.<sup>1</sup> It is significant that 38 per cent of the express traffic is carried by the private operators owning 100 or more vehicles among whom this group method is largely used; of the remaining 62 per cent it is safe to estimate that the greater portion is carried by concerns connected with the Associated Companies and run in connection with their services.<sup>2</sup>

*2. Size and Mechanical Maintenance.*—The mechanical aspect of road passenger transport operation relates mainly to the repair and maintenance of the vehicle. An efficient maintenance system reduces the costs of operation in various ways; not only will certain running costs, i.e. petrol, oil and maintenance, be less, but also the fixed costs will be reduced by the smaller reserve of vehicles required and by the greater mileage run by each vehicle. When there are only one or two vehicles the owner himself, providing he has sufficient technical knowledge, may maintain his vehicles at an efficient level. As the number increases a proper maintenance staff must be established with the necessary plant, and if this fixed cost is to yield the highest efficiency a continuous supply of work must be found. A fairly large fleet of vehicles is required and it considerably adds to the possibilities of economical maintenance if these are all of a similar type.

Whilst there are advantages to be gained from the centralisation of a large number of vehicles there is a point beyond which the size of the operating area becomes the

<sup>1</sup> Cf. methods in use among the Associated Companies, page 42.

<sup>2</sup> Much of the 62 per cent is, as a matter of fact, more in the nature of excursion traffic, in that the operators are to some extent restricted from carrying return passengers other than those originally journeying from the local centre.

more important factor. With every increase in the operating area the number of dead miles per vehicle will increase if there is a centralised depot, and this extra cost may in time exceed the saving from working the maintenance plant at full capacity. Maintenance depots and garages must therefore be established in other parts of the area. In practice this necessity is usually met by the establishment of district depots where garaging and ordinary maintenance is carried out, leaving the central repair depot to deal with more important matters, e.g. annual overhauls.

Considerations of mechanical maintenance are most important in stage-carriage operation. Seasonal excursion and excursion and express operation, besides requiring fewer vehicles, present special features since the maintenance work must be so arranged as to allow of the speediest repairs during the season whilst the annual overhaul may be carried out during the winter.

The foregoing analysis clearly indicates that there are various factors which may affect the optimum size of operation. Unfortunately, it is not possible to assess their relative importance in terms of money costs. There seems no reason to believe, however, that large-scale is cheaper than small-scale operation. It is much more likely that differences in size of operation are bound up with differences in the type of service provided. Excursions and tours appear to lend themselves definitely to small-scale operation. The small operator has important traffic advantages whilst the smallness of the fleet and the seasonal nature of the services place him under little or no disadvantage as regards mechanical maintenance. Express services in the proper sense (i.e. regular long-distance services) undoubtedly are better operated under some group organisation. Operation of complete express services by individual concerns has disadvantages for both the small and large operator by reason of the difficulties of avoiding waste miles and catering for fluctuating demands. As regards private hire or contract carriage work there is no reason to believe that efficiency bears any direct relation to the size of the concern, though, in so far as the work is more in the nature of excursion parties, the small operator has advantages. Much of this class of work, however, represents a demand occurring at the off-peak periods for other types of services, and the circumstances of individual operators differ in this

respect. Stage-carriage services may best be divided into rural and urban. Rural stage services appear to offer very little extra advantage to large-scale operation.<sup>1</sup> The small operator is under no disadvantage regarding the number of vehicles required or their maintenance; in sparsely populated agricultural areas he may have the advantage of knowing the farmers personally; and finally his level of costs may be low for several reasons. Frequently his concern is a family affair, in which case it will seldom be found that the services of each participant are charged against the cost of the service; on the contrary, the goal is a certain family income which, as with the small farmer family unit, is probably comparatively small when related to the long hours and trouble involved. Further, many of the vehicles on this class of service are of the convertible type, by which the operator conducts a local goods carrying business when not using it as a passenger vehicle.<sup>2</sup> In not a few cases use is made of less than 8-seater vehicles. Urban stage services, on the other hand, definitely lend themselves to large-scale operation. The number of vehicles required to operate a complete service is comparatively large; the advantages of saving surplus seats and miles lead to the co-ordination of a number of individual routes, and there are economies to be gained in the maintenance of vehicles.

3. *Size and State Control.*—So far no mention has been made of the possible effects of State control upon the size of operating concerns. Since early 1931, however, the industry has not been subject to the unrestricted forces of competition. Under the licensing system introduced by the Road Traffic Act, 1930, all omnibus services except contract carriage work must now be licensed by Traffic Commissioners. The work of these Commissioners will be dealt with in detail later. At present it is necessary merely to mention certain results of their control on the distribution of services.

When, in 1931, the Commissioners were faced with the task of granting or refusing the first year's applications for licences the main criterion they adopted was the operating history of the various applicants. When the applications of small operators to run urban stage-carriage services came to be examined from this angle, they were often found to

<sup>1</sup> Where some of the routes are so sparsely populated as to be unremunerative the large-scale operator may nevertheless be able to operate them on the strength of the profits he makes on other routes.

<sup>2</sup> Cf. *Second Annual Report of the Northern Scotland Commissioners, 1932-3*, p. 105.

be less satisfactory than the applications of the large operators who desired to run the same service. The small operator may have run irregularly or illegally and he may only have operated at the remunerative peak periods and not catered for the public who desired to travel at other times. When his vehicle was out of order or when he had a more remunerative demand in the form of an excursion or tour he may not have operated on the local route. Whilst these may not have been the only factors which weighed with the Commissioners, the result of their decisions was to exclude many small operators from even the irregular operation of stage-carriage services. This did not apply, however, to rural local services to anything like the same extent. Here the small operator had been able to hold his own and frequently there was no competitive application for the service. As regards the other licensed services, the Commissioners realised that the difference between express and excursion was not merely one of regularity but also of organisation. This often meant that the small operator was granted a licence to run only excursions and tours even when he desired to operate an express service. Generally speaking, the Commissioners have encouraged the small operators to extend this type of service in various new ways, e.g. "mystery trips" and "land cruises."

It would, however, be a mistake to imagine that any influence which the decisions of the Commissioners may have had upon the size of the concerns in the industry arises out of any special attitude that they may have held as to the relative efficiency of large and small concerns. Actually, the claims of operators, whatever their size, who had been running a service for a number of years, could not be disregarded. As later chapters will reveal, the licensing system, in the main, stabilised the position of existing operators who could make good their claims, impeded the flow of new entrants into the industry and forced some measure of co-ordination between competing operators.



## PART II. STATUTORY CONTROL

### CHAPTER VI

#### THE BASIS OF CONTROL

ROAD passenger transport is one of the most stringently controlled of all industries in this country : at every point the State has considered it necessary to place restrictions and regulations.<sup>1</sup> The size, construction and efficiency of the vehicle is subject to minute inspection ; the routes and stopping-places, the frequency of the service and the fares chargeable are all specified ; drivers and conductors must pass certain tests before being licensed ; even the passenger must conform to certain statutory standards of conduct.

The detailed statutory control has two aspects : first, there is the general control exercised over the public service vehicle in its use of the public highway, and second, there is the particular control over the competitive working of the industry. This chapter will seek to analyse the economic and social ideas, as revealed by the various Acts, Parliamentary Debates, and Reports of Committees and Commissions,<sup>2</sup> which have played a part in the establishment of this statutory control.

<sup>1</sup> The first comprehensive attempt to control the motor omnibus is found in the Road Traffic Acts, 1930-4. Apart from London, and a few towns with special powers, control, prior to 1930, was merely the application of certain ancient Acts, i.e. the Town Police Clauses Acts, 1847-89, which were passed to deal with horse-drawn vehicles. This chapter is therefore mainly concerned with the Road Traffic Acts, 1930-4.

<sup>2</sup> It has not been considered necessary to support each reason by detailed references to where and when it was advanced, the reasons analysed appear frequently in some form or other in official and general literature after 1896. In particular they are to be found in the Debates on the Locomotives on Highways Act, 1896, on the Motor Car Act, 1903, and on the Road Traffic Act, 1930 ; in the Reports of the Royal Commission on Motor Cars, 1906, the Select Committee on Motor Traffic, 1913, the Departmental Committee on Road Locomotives and Heavy Motor Cars, 1918, the Select Committee on Transport (Metropolitan Area), 1919, the Advisory Committee on London Traffic, 1920, the London and Home Counties Traffic Advisory Committee (various Reports 1924-7), the Departmental Committee on the Taxation and Regulation of Road Vehicles, 1920-2, the Departmental Committee on the Licensing and Regulation of Public Service Vehicles, 1925, and the Royal Commission on Transport, 1929-31. The Reports of the last three committees form the basis of the Road Traffic Act, 1930.

*(1) Control in the Use of the Public Highway.*

All road vehicles are subject to some degree of control, the reason being that all involve the use of the public highway. The highway is not only public but it is also an important element in social life. The use of it by one individual affects the use of it by other individuals ; their lives may be jeopardised, their residential comfort destroyed, and their ease of travel diminished. Further, roads must be constructed and maintained, and the users incur certain obligations either in the form of the cost of the upkeep of the road or of restrictions on those types of vehicle likely to cause excessive damage to the road surface. In other words, the use of the public highway raises the questions of public safety, road cost and traffic congestion. That the private use of the public highway places obligations on motorists is well accepted, and only the reasons for the more stringent application of this principle to omnibus operation remain to be examined.

From the point of view of public safety the size of the vehicle is the main consideration. Whether measured by unladen or laden weight, length or general dimensions, the motor omnibus is normally larger than the private car. It is therefore less easy to drive or, at least, requires more efficient brakes and steering mechanism. Further, the private car on the average carries only 2 persons and only about 5 at the most, as against the average for omnibuses of about 12 persons and a possible maximum of 60 to 70. The lives of more people, therefore, are at stake. Evidence of the stricter control imposed for these reasons is to be found in (a) the regular public examination of the mechanical efficiency of omnibuses (not applied to private cars) ; (b) restrictions on the use of certain routes, e.g. where they are considered dangerous or where bridges or overhanging trees make the use of double deckers dangerous ; (c) the specifying of a speed limit for omnibuses, even on roads not in built-up areas, and (d) the specifying of the length and construction of omnibuses. These last two forms of control are, however, not wholly due to considerations of safety, for here the question of the cost of road maintenance also enters. A heavier vehicle tends to cause more damage to the road surface ; omnibuses run frequently over the same route and with an unusual amount of stopping and starting. The wear and tear they cause is thus the



greater. The higher the speed at which heavier vehicles travel the greater the vibration and wear and tear on the road surface.<sup>1</sup> The bad effects of a heavy vehicle may be lessened by a proper dispersion of its weight and, hence, regulations prescribe the maximum weight which may be placed on any pair of wheels.

The third factor, traffic congestion, occurs when the road space is not adequate enough to allow the free flow of traffic. It may be avoided either by providing more road space or by regulating the traffic so as to give the most efficient use of existing road space. Whilst the former must generally be more satisfactory it is often impracticable in highly developed areas and the latter method must be adopted. In this connection the omnibus, by reason of its size, the frequency with which it runs along the same route, its numerous stops, and the necessity for it to draw near to the pavement in order to pick up and set down passengers, is considered to require special treatment. Control, therefore, is exercised over the routes, so that omnibuses may be excluded from especially congested routes; over the stopping-places, so that these may not occur at congested points or so that the vehicle does not stop too long at one place; and over the number of vehicles operated on the service.

## *(2) Control of Competition.*

Control of the kind dealt with in the preceding section cannot be regarded as peculiar to the road passenger transport industry. In the interests of public health, safety and convenience it has been found necessary to place most industry under some form of government regulation, e.g. the regulation of working conditions in factories. If the control of road passenger transport stopped at this point it would need little comment; it extends, however, beyond this and regulates the competitive working of the industry. Monopoly power has in effect been granted to certain operators.

The reasons for this further development represent, on the one hand, an extension of the considerations of public safety and, on the other, a belief that only through a control of the normal competitive process can the most efficient public transport service be made possible. As

<sup>1</sup> In recent years developments in the construction of omnibuses combined with the increased strength of the road surface has allowed the speed limit to be raised from 12 m.p.h. in 1904 to 30 m.p.h. at the present day.

these reasons are often presented it is not always easy to disentangle them. And yet they are fundamentally distinct.

There is first the argument that unfettered competition will lead to road congestion and dangerous driving. If there is no restriction of entry into the industry, it is argued, any one who can afford to buy a second-hand vehicle may come on to the roads and, although he may finally be driven off by competition if there is no adequate demand for his services, in the meantime his presence increases the traffic problem. And again, it is asserted, there is a strong tendency for excessive competition between operators to become prolonged and extensive because the overhead costs of running a vehicle are important. Buses will be kept on the roads when they are not covering anything but their prime costs. The volume of traffic will be increased by the presence of vehicles running with a high proportion of unused capacity. Further, although passengers may board a vehicle at any point along the route there are usually certain points which are recognised stops by reason of their general convenience. Each operator aims at filling as many seats as possible, and to achieve this he must arrive at each stop before his rival and stay there while there is a chance of picking up further passengers. Between stops, therefore, rival vehicles take part in a race in which by various driving tactics drivers attempt to out-mancœuvre each other. These tactics were common prior to 1931 and bore such picturesque names as nursing, blanketing, tail racing, hanging back and chasing. They are clearly not conducive either to the safety of road users or to the most efficient use of road space.

It is clear that the traffic dangers created in these ways demand serious consideration. And it is equally clear that one solution is to restrict the traffic on the road by granting monopoly rights to a limited number of operators. But this is not the only possible solution. In the long run the building of wider and better roads might provide the remedy. Or heavier penalties for dangerous driving might have a salutary effect. In any case, so far as traffic congestion and safety is concerned, the granting of monopolies is only one of many solutions.

The second group of ideas which are responsible for the present system of control in the road passenger transport industry are more strictly economic arguments. They amount to the assertion that unfettered competition is certain to lead to an inefficient transport system, and to

avoid this the restriction of competition is the only possible solution. This argument is merely one illustration of the general reasoning, now very commonly encountered, that schemes of restriction are justified because ruinous competition is, in the long run, bad for all interests. It is advanced in the case of road transport, that, without some control, too many vehicles will be put on the roads. Buses will run with much unused capacity. The running of vehicles to a regular time-table will become impossible for, if any operator fixes definite times, rival operators will seek to reach stopping-places a few minutes earlier and take the traffic. Buses, it is alleged, will be run at peak hours, when receipts are high, but at slack periods the public will be left without adequate facilities. Or those concerns which seek to provide the public with regular services will find themselves penalised in that the remunerative traffic is filched from them and they are left with the unremunerative. It is urged that the proper organisation of omnibus transport requires routes to be regarded not as short local stretches of road but as part of a comprehensive network. The difficulty of achieving this under competition is that operators are not willing to enter into agreements which add little or no value to their particular service. In brief, the argument runs that competition produces a haphazard, unco-ordinated and wasteful transport system which fails to provide steady and dependable services for the general public.

It may conceivably be asked why the arguments that competition produces a wasteful and unco-ordinated system have been more successful in justifying State regulation in the case of road transport than in the case of other industries. Probably the main reason is to be found in the fact that the road transport industry involves the use of the public highway. With industry in general competition can be carried out on private property, but the provision of omnibus services involves the running of a vehicle on what is really public property. This difference provides the State not only with an added reason for imposing control, but also the opportunity to do so, since control may be considered as a concession or payment given by private enterprise in return for the use of public property for industrial purposes.<sup>1</sup>

<sup>1</sup> Under the licensing law, as it stood prior to 1930, vehicles which operated from private property and did not take up or set down passengers on the public highway did not require a licence. Even under the Road Traffic Acts, 1930-4, this class of operation, i.e. private hire, is the least controlled and does not require a road service licence.

It is but a short step from the arguments used to justify the control of competition within the omnibus industry to the application of similar arguments to justify control of omnibuses in competition with railways and tramways. In this case, however, the general arguments are reinforced by others based more on expediency than on abstract principles. The development of the motor omnibus, especially after 1920, adversely affected the revenues of both railways and tramway authorities. Tramway receipts fell by over 14 per cent between 1923 and 1930, whilst the passenger receipts of the four amalgamated railway companies fell by 17 per cent during the same period. It was the financial position of the four amalgamated railway companies which, however, aroused most concern, for their capital of over £1,000 million provided a favourite investment for large numbers of people, the more so because of the trustee status of most of the stock. The decline in revenue was reflected in the dividends. In 1923 the amalgamated companies paid £46·7 million in interest and dividends, a figure only slightly higher than the £43·9 million paid out in 1913 when the price-level was much lower; in 1929, a comparatively prosperous year, the figure had fallen to £44·3 million. The railway shareholders' sense of grievance at this decline in the fortunes of the companies was increased by the fact that in the Railways Act of 1921 the Government had given some indication of recognising that the companies should be allowed a rather higher level of net income. The Railway Rates Tribunal established by that Act was empowered to fix the railway rates and charges at a level sufficient to allow the companies to earn a standard net revenue mainly based on the 1913 net revenue. This was fixed at slightly over £50 million in 1927, but so far the earning power of the companies has not approached this figure.

The depressed state of industry was acknowledged as being partly the cause of the poor financial position of the railway companies, but road competition, in respect of both goods and passenger services, was considered to play a no less important part. The railway companies, while not admitting that road competition was altogether necessary, felt that at least the competition should be on what they considered a fairer basis. They had two grievances in this respect. First, road operators used the public highway, whilst the railway companies had to provide and

maintain their own tracks ; and, secondly, the railway companies were subject to a considerable degree of public control, and were under certain statutory obligations. The first grievance was met by the adjustment of the taxation payable by road operators so that the part of the cost of road construction and maintenance due to their activities was paid by them. The second grievance required for its remedy either the releasing of the railway companies from their statutory restrictions and obligations or the placing of somewhat similar restrictions on road operators. The latter was considered to be the only practicable policy and thus arose a further reason for controlling the competitive activities of road passenger transport. The case of the railways was strengthened in this respect by the relief of road congestion which would accrue from a transfer of passengers from road to rail services.

Beyond this policy of regulating the use of the public highways and affording some protection to the railways and tramways lies the much wider idea of co-ordinating all forms of passenger transport into a system yielding the highest efficiency. The duty placed on the Traffic Commissioners of restricting wasteful competition and of considering alternative facilities arises partly from this idea of co-ordination. In short, the idea that unrestricted competition between omnibuses is wasteful and inimical to a regular and comprehensive system of omnibus services has been extended to cover competition between alternative forms of public transport. This larger idea of regulating omnibuses in the interests of the whole transport system is, however, not universally accepted. It is, in fact, of fairly recent origin and of all forms of control it is the least developed at the moment.

These, then, are the leading principles which have been instrumental in bringing into existence the elaborate system of control in the road passenger transport industry. But it is perhaps necessary to point out that Parliament has not always followed them consistently and logically. The traffic problem, compounded as it is of the pull of vested interests and the play of political strategy as well as of the most complicated and constantly changing technical problems would, in any case, have been too great to deal with except in piecemeal fashion. Had this book been written in 1930 the position could indeed have been regarded as chaotic, but the Road Traffic Act of that year repealed or

amended thirty-two previous Acts and provided a fairly comprehensive code for road vehicles. But even now a defined policy in certain aspects of the road problem goes along with a complete absence of policy in others. Until recently, no effort has been made to check ribbon development on arterial roads. The public service vehicle is now submitted to control far stricter than that of the private car, and although there are reasons for some differential treatment, it may seriously be questioned whether some of the present difference is not anomalous.

## CHAPTER VII

### ADMINISTRATION

STATUTORY control of public service vehicles did not commence with the Road Traffic Act, 1930, but before that date the control was neither detailed nor thorough and the Act established an entirely new system. The administration of the pre-1930 licensing system, where it existed, was in the hands of local authorities. Not all local authorities, however, possessed licensing powers. No county councils and only 65 out of 644 rural district councils possessed such powers. Many local authorities which possessed licensing powers did not trouble to use them, or at least only used them in a nominal manner. Thus in many parts of the country motor omnibuses were under little or no control. Where such control did exist the authorities were hampered by their limited powers. Control was confined to vehicles plying for hire, but the meaning of the term "plying for hire" was vague and capable of being evaded by operators so that unlicensed vehicles could in some circumstances carry passengers for hire. Moreover, the penalty for infringing the law and running unlicensed vehicles was so small as to be ineffective. When the question of strengthening the licensing system came under discussion the opinion was widely held that even given increased powers the local authorities would, as licensing authorities, be ill-equipped to meet modern needs. There were three main objections to a system of licensing through local authorities. First their area was too small; the legislation embodied in the Town Police Clauses Acts, 1847 and 1889, was passed before the advent of the motor omnibus, when traffic was mainly local in character. Motor-omnibus services are seldom confined to the boundaries of one local authority and hence application for a licence would require to be made to more than one authority, with the likelihood of conflicting decisions. Secondly, many of the local authorities had shown little realisation of the responsibility of their position as licensing authorities; many had licensed all and sundry without any consideration of the restriction of competition, whilst

others had used their powers to protect their own transport interests. Finally, the idea of co-ordinating all forms of passenger transport was considered to require specialised authorities controlling road services over a wide area. The result was the establishment of Traffic Areas and Traffic Commissioners by the Road Traffic Act, 1930.

### *Traffic Areas.*

For the purposes of administration England and Wales is divided into 10<sup>1</sup> and Scotland into 2 areas, making 12 Traffic Areas in all. The demarcation of these Areas follows largely the suggestion of the Royal Commission on Transport,<sup>2</sup> which, while not attempting to define precise boundaries, submitted maps showing tentative divisions. The Commission's primary concern had been to define areas upon traffic considerations and not to be influenced unduly by the existence of local authority boundaries. Section 62 of the Road Traffic Act, 1930, gave the Minister power to alter the limits of any Traffic Area and advantage of this has been taken on several occasions. In certain instances,<sup>3</sup> where the local authority boundary had been altered by the ordinary local government procedure, the Traffic Area boundary was amended accordingly. More important were those instances where experience had shown that an alteration was required on traffic considerations. For example, as a result of adjustments between the Northern and Yorkshire Areas, road A66 and the road between Rawthey Bridge and Sedbergh came entirely within the former Area and consequently the services between it and the Lake District and Blackpool did not pass through the Yorkshire Area.<sup>4</sup> Traffic considerations have, in other instances, led to the use of a main road as a boundary instead of the existing local authority boundary.<sup>5</sup>

It is obvious that the limits of any Traffic Area must be

<sup>1</sup> Prior to January 1, 1934, there were 11 Areas. The Southern Area was abolished by the Road and Rail Traffic Act, 1933, and certain other Areas extended.

<sup>2</sup> Second Report: The Licensing and Regulation of Public Service Vehicles, 1929. Cmd. 3416. The main difference was that the Commission suggested 4 Areas for Scotland as against 2 finally enacted.

<sup>3</sup> Cf. Road Traffic Act, 1930 (Variation of Traffic Areas) Order (No. 2), S.R. & O., No. 113, 1932.

<sup>4</sup> Cf. Road Traffic Act, 1930 (Variation of Traffic Areas) Order, S.R. & O., No. 509, 1932, and *Northern Commissioners' Second Annual Report*, 1932-3, p. 8.

<sup>5</sup> Cf. *East Midland Commissioners' Second Annual Report*, 1932-3, p. 60.



somewhat arbitrary for, apart from physical barriers, transport recognises no boundaries. There are, of course, towns which are closely related for traffic purposes, as, for example, most Lancashire towns and Blackpool, but, in addition, Blackpool attracts traffic from all over England. The utility of any division must, therefore, be judged rather by the success with which it avoids cutting across local routes, the cutting of distance services being accepted as to a large extent inevitable.

The size of the Traffic Areas varies fairly widely, as can be seen from Table I, which shows the position at March 31, 1934.

TABLE I  
SIZE OF TRAFFIC AREAS AT MARCH 31, 1934

	Number of Operators.	Number of Vehicles.
Northern . . . . .	379	2,820
Yorkshire . . . . .	556	3,901
North-Western . . . . .	681	5,983
West Midland . . . . .	566	3,184
East Midland . . . . .	611	3,915
Eastern . . . . .	429	2,041
South Wales . . . . .	472	2,579*
Western . . . . .	751	3,851
South-Eastern . . . . .	594	4,326
Metropolitan . . . . .	473	8,130
North Scotland . . . . .	429	1,611
South Scotland . . . . .	315	3,709*

(Compiled from the *Third Annual Reports of the Traffic Commissioners*, 1933-4.)

\* Public service vehicle licences granted.

Neither the number of operators nor of vehicles is a fair indication of the administrative difficulties of any Area. Such factors as the presence of a popular seaside resort or of extensive tramway systems or the degree of licensing control exercised prior to 1931 may all produce their own special traffic problems.

### *Traffic Commissioners.*

There are three Traffic Commissioners for every Area except the Metropolitan, for which there is only one. The Chairman and, in the Metropolitan Area, the Metropolitan Commissioner, is a paid, full-time official appointed by the Minister of Transport. The other two Commissioners receive only travelling and out-of-pocket expenses and are

appointed by the Minister, one from each of two panels nominated by the County Councils on the one hand and the County Boroughs and Urban Districts of the Traffic Area on the other. Substitute Commissioners are also obtained from these panels. A Commissioner cannot be a Member of Parliament, and, further, if he acquires a financial interest in any passenger transport undertaking, he must notify the Minister, who may, if he thinks fit, declare that the Commissioner has vacated his office.

Whilst it is true that decisions are made by the majority vote, nevertheless the Chairman is the most important of the three Commissioners. There are obvious reasons for this. He devotes his full time to road transport, while the panel Commissioners have other duties to consider, for, apart from their own private occupations, most of them are Magistrates and Councillors or Aldermen. These other duties often prevent them from being present at every public sitting. In the West Midland Area, for example, during 1933-4 the Chairman attended on 79 days, but the other two Commissioners only attended 26 and 9 days, substitutes taking their place on other days.<sup>1</sup> Again, the Chairman attends a conference held periodically at which he meets other Area Chairmen and discusses the main licensing problems. The Chairman is thus in a position to give a clear lead in the proceedings.<sup>2</sup>

In announcing the names of the first Chairmen the Minister of Transport (Mr. Herbert Morrison) said that "... in making the appointments, candidates have been selected with varying types of experience, because from time to time they will meet together, and I do not want them all to be of the same experience."<sup>3</sup> The original Chairmen were for this reason composed of 3 chief constables, 3 practising lawyers, 1 corporation transport manager, 1 transport trade union secretary, 1 industrial transport manager, 1 former railway manager and 1 present and 2 former civil servants with transport experience. They were appointed for varying terms of years and on the abolition of

<sup>1</sup> *West Midland Commissioners' Third Annual Report, 1933-4*, p. 37. Cf. also *West Midland Commissioners' First Annual Report, 1931-2*, p. 32. "The Commissioners desire to call attention to the difficulty experienced in sparing time for this arduous work by those who have to attend also to other public duties and their own businesses."

<sup>2</sup> Under the Road and Rail Traffic Act, 1933, the Chairman sits alone as the Licensing Authority for goods vehicles.

<sup>3</sup> *Hansard*, December 10, 1930. Vol. 246, C 406.

the Southern Area the appointment of one was not renewed. Apart from an interchange between two Areas the only other move has been the appointment of the South-Eastern Chairman as Chairman of the Appeal Tribunal for Goods Licensing, a high official from the Ministry of Transport being appointed in his place.

The allocation of the Chairmen to the different Areas largely followed their particular local knowledge. For example, the Exeter and Bradford Chief Constables were appointed to the Western and Yorkshire Areas, respectively, whilst the South Wales Chairman had practised in Pontypridd and spoke Welsh fluently. The general features of their Area were, therefore, not wholly new to the Chairmen, and, in addition, they could call upon the local experience of the panel Commissioners. Further, each Chairman is continuously adding to his local knowledge and this must be regarded as an important feature of the system. The Minister undoubtedly places great stress on the local knowledge of the Commissioners and has stated<sup>1</sup> that he could not accept any suggestion that they must approach the consideration of every application with a "virgin mind" and without reference to the experience gained by them in dealing with other applications or their personal knowledge of conditions in the Area.

The number of distinct Areas controlled by different Commissioners places some difficulties in the way of a uniform administration of the licensing system. On the one hand, similar services may be subject to different degrees of control in the different Areas. On the other hand, with those services which affect two or more Areas, conflicting decisions may result. The former is the more likely to happen and is the more difficult to detect, for, in the latter, an Appeal to the Minister will generally be required, the decision in which will unify the control over the whole service.

In general, there are three methods by which uniformity of administration is secured. First, there are periodical conferences of the Chairmen of the Commissioners, at which agreement is reached on outstanding problems of procedure and control; for example, the Standard Conditions which are attached to road service licences were discussed and agreed at these meetings. Secondly, there is the appellate jurisdiction of the Minister of Transport. When, on Appeal,

<sup>1</sup> Great Western Railway Co. *vs* Gough's Welsh Motorways, Ltd., R.V.A. 1934, March, 1933.

the Minister disagrees with the Commissioners' decision, he has the power to order them to vary it. Theoretically these Orders are only binding on the Commissioners in question and then only in respect of the licence in question, the Minister having no power to reduce the general discretion of the Commissioners with regard to the making of decisions. In practice the Minister's decision has much wider application. The Appeal must be in favour of one party and therefore, whenever, subsequently, the same point arises under the same or some other Traffic Commissioners' decision, the party favoured will appeal to the Minister who, to be consistent, must give the same decision.<sup>1</sup> Finally, the Commissioners do on some occasions act jointly. The Metropolitan and South-Eastern Areas, for example, have held joint sittings to consider fares on distance services in their Areas.

Whether these three methods are sufficient to prevent all serious anomalies is difficult to say. Before making their decisions the Commissioners have to take into consideration a number of factors and, as each application differs, even if only slightly, decisions which appear to be anomalous at first glance are not so when the full facts are revealed. Against the possibility of anomalous decisions must be set the advantages of flexibility and experiment which the system allows; flexibility in that the peculiarities of each Area may be more easily taken into account, and experiment in that a pooling of the experience gained from the difficulties of, and methods adopted in, the various Areas is made possible.

#### *Minister of Transport.*

The Minister of Transport and his Department were established by the Ministry of Transport Act, 1919, for the purpose of improving the means of and the facilities for locomotion and transport. He took over the duties possessed by any other Department in respect of railways, canals, roads, docks, etc. The Minister is the political head of the Department and varies with party fortunes.<sup>2</sup> All the

<sup>1</sup> Cf. Pearson's Happy Days Motorways, R.V.A. 2293, December, 1933, where the argument largely turned on, and was successful in, proving that the facts in this case were so similar to those in the Crosville decision (R.V.A. 1864, September, 1933) that the same restriction should be applied.

<sup>2</sup> There have been 10 Ministers of Transport during the period 1919-34, of which 4 have held office since the passing of the Road Traffic Act, 1930.

detailed work of administration is done by the permanent officials, the Minister being mainly concerned with policy. Constitutionally all things are done in the name of the Minister, who is responsible to Parliament for the activities of the Department.

The Minister holds a paramount position in the regulation of public service vehicles. He appoints all the Traffic Commissioners and may remove them for inability or misbehaviour. In addition, subject to the approval of the Treasury, he appoints the Certifying Officers, Examiners, and general staff of the Commissioners. The remuneration of the above appointments is determined by the Minister with the consent of the Treasury.

The Minister also has considerable power to make regulations which, after a certain procedure has been followed, have the force of law. Regulations may be made to cover, *inter alia*, the following :

- (1) the conditions which may be attached by the Commissioners to road service licences ;
- (2) the conduct of drivers, conductors and passengers ;
- (3) the detailed procedure regarding applications for and the granting, etc., of licences ;
- (4) the fees to be paid ; and
- (5) the equipment to be carried by public service vehicles.

The Minister is under statutory obligation to consult such representative organisations as he thinks fit before making any regulation under the Act. The regulations when made must be laid before both Houses of Parliament and, unless an address is presented to the King by either House praying that the regulations be annulled, they have the force of law after twenty-eight parliamentary days have elapsed. In view of consultation with such bodies as the Omnibus Owners' Association and the Motor Hirers and Coach Services Association, which generally precedes the issuing of regulations, any opposition has usually been met before they are laid before Parliament. When the Minister certifies that, on account of urgency or any special reason, a rule should come into force immediately, then he may issue regulations which remain provisional until the full procedure has been gone through. This method of issuing provisional regulations is frequently used by the Minister of Transport because not only does it enable him to meet any urgent need but more especially it allows of

modification, born of complaint and experiment, to be made before the regulations are finally passed.<sup>1</sup>

The Minister also has certain powers of directing the Commissioners in their duties. He may direct what particulars must be dealt with in the Commissioners' annual reports. More general and more important is Section 63 of the Act, which states that the Commissioners "subject as aforesaid shall act under the general directions of the Minister." Advantage has been taken of this power on two occasions. The first General Directions were issued<sup>2</sup> to the Metropolitan Commissioner and concerned the regulation of coach traffic in his Area; the second General Directions were issued<sup>3</sup> to all the Commissioners and mainly dealt with the position of the small operator. The point was submitted to the Amulree Committee that the first Directions were *ultra vires* the Minister in that they curtailed the statutory discretion of the Commissioners. No application was made to the Courts, but on the issue of the Committee's First Report the Minister made an announcement to the effect that the Directions were *intra vires*. He mentioned that Section 72 of the 1930 Act required the Commissioners to take certain factors into account, but that other factors were not excluded from their consideration and that the Directions contained nothing inconsistent with the Section. He also added that it seemed clear that in Section 63 the Legislature "intended that the Minister, while not giving specific directions, should be in a position to lay down for the guidance of the Commissioners broad principles of policy"; the Directions were "so framed as to preserve the discretion of the Traffic Commissioners."

The point is important because of its bearing on the independence of the Commissioners. These Directions are general in the sense that they apply to the consideration of all applications for licences and not to any individual cases. They differ from any regulations which the Minister may make under the Act and which, when issued, the Commissioners must carry out. Apart from the making of

<sup>1</sup> Cf. Committee on Minister's Powers, Vol. II, Evidence of Sir Cyril Hurcomb.

<sup>2</sup> Issued March 20, 1931.

<sup>3</sup> December 4, 1931. Cmd. 3980. General Directions do not require the formal approval of Parliament, nevertheless they are subject to the control which is exercised by Parliament over all Ministerial policy. The second General Directions were in fact issued largely to meet criticism in the House of Commons.

Orders on Appeal cases the Minister cannot interfere with the discretion which the Commissioners possess in regard to the granting or refusing of individual road service licences. But it is clear from a reading <sup>1</sup> of the Directions already issued that they must have a limiting effect as, indeed, must every additional factor which the Commissioners have to take into account. If the Commissioners disregard or do not fully take into account the Directions, their decision can be appealed against and the Minister would apply the consideration enumerated in his Directions.

### *Appeal Procedure.*

Any applicant (or objector to an application) who is dissatisfied with the decision of the Traffic Commissioners may, within one month <sup>2</sup> of the publication of the decision, appeal to the Minister of Transport. The grounds of dissatisfaction must be stated in the Appeal and a copy sent to the Traffic Commissioners concerned and any other parties affected by the Appeal.

The usual procedure is for the Minister to appoint a person, with legal experience but not an official of the Department, to hold a public inquiry generally in the operator's area or some other place convenient to all parties. Sometimes, a number of Appeals may turn on one point and, if so, every effort is made to hold them at the same time. The Minister's representative is supplied with a transcript of the shorthand notes of the original proceedings before the Traffic Commissioners. He is, therefore, aware of the facts and arguments on which the Commissioners based their decision. His function is not to re-try the application but to decide whether the Commissioners decided rightly on the facts before them. Accordingly he allows fresh evidence only in exceptional circumstances. In addition to the transcript of the original proceedings, the

<sup>1</sup> Cf. General Directions, December 4, 1931: "the Commissioners should give particular consideration to the convenience of the travelling public in the rural areas and to the provision of services in those areas where transport facilities are at present wanting or inadequate."

Cf. also General Directions, March 20, 1931: "In view of the extensive facilities provided in the central area for transport by railway, tube, tram and short-stage omnibus, and the general congestion of traffic in this area, the provision of other services should be limited to the minimum consistent with the avoidance of serious inconvenience or hardship to the public."

<sup>2</sup> With regard to local authority applications for Consent Orders, the Appeal must be made within 14 days of receipt of notice of the decision.

Commissioners also furnish him with their observations on the case and the reasons for their decision.

The Minister's representative hears the arguments put forward, often by eminent counsel. He then reports to the Minister. His report usually starts by stating the grounds of the Appeal and the Commissioners' comments thereon. Next he proceeds to discuss these points in the light of the evidence. Finally, he suggests that the Minister should take a certain line of action, giving reasons for such a suggestion.

The report then goes in to the Ministry of Transport. Some time afterwards a letter is sent to the parties concerned which invariably starts, "I am directed by the Minister of Transport . . ." and then goes on to state the Minister's decision, with or without comments according to the importance of the case.

An interesting departure from the method of appointing one individual to hold the inquiry was made in connection with a number of Appeals against the decisions of the Metropolitan Traffic Commissioner affecting the position of motor-coach services in London. Here a committee<sup>1</sup> of three, with Lord Amulree as Chairman, was constituted to investigate the questions which arose under the Appeals, to hear representations from parties concerned and to report with their recommendations. The Committee issued a First and a Final Report and made recommendations which the Minister partly followed when making his decisions.

#### *Position of the Minister.*

In performing his functions the Minister is, himself, subject to some degree of control. The Treasury must approve the appointment and remuneration of any staff, and approval of a rather negative kind (i.e. by absence of disapproval) is required from Parliament before certain regulations and orders become law. General control by Parliament is exercised in the ordinary way since the Minister must meet any criticism of his Department in the House. Finally, if the Minister acts beyond the powers given him by Parliament, an application may be made to the Courts for a Writ, and this has been done on several occasions, though not with conspicuous success.<sup>2</sup>

<sup>1</sup> Committee of Inquiry into London Motor Coach Services, 1932.

<sup>2</sup> An Appeal Order of the Minister was quashed by the Court on the ground that the Minister had gone beyond his authority. *R. v. Minister of Transport ex parte Uminster Services, Ltd.* (1933), 50 T.L.R. 60.C.A.



The Minister's position in the licensing system easily lends itself to criticism. Not only does he appoint the Commissioners (and their staff) and issue general directions to them, but he also may remove them for inability or misbehaviour. Any appeals against their decisions are heard by the Minister, who is the supreme authority. Criticism has been chiefly directed not against the dependent position of the Commissioners, which no one appears to have seriously opposed, but against the Minister being the sole and final Appeal authority for road-service licences.

Representative associations of operators have attacked the present Appeal system on two grounds: first, because of the element of secrecy it involves and, second, because of the position of the Minister. The first ground of complaint has now largely been met, since the latter part of 1933, by the publication of the inspector's report.<sup>1</sup> As a result the operator is now able to see why his Appeal has failed or succeeded; when, as has occurred, the Minister disagrees with his representative's reasons and recommendations, he states his reason for so doing.

Dissatisfaction on the second ground, though somewhat appeased by the concession just mentioned, is still considerable. It has been urged that the position of the Minister is unsuited to the possession of appellate jurisdiction, for not only is he in too close a relationship with the Commissioners but also he is subject to political pressure. The claim has also been advanced that the deciding of road-service appeals is judicial in its nature and should, therefore, follow judicial practice. In so far as this last argument means that Appeals should be tried by the ordinary Courts of Law it is weak; for decisions concerning road service involve not merely the rights of two or more parties, or the interpretation of the law, but also the weighing of important considerations of public policy, a function for which the ordinary Courts are hardly suited. The industry realising this fact, more forcibly perhaps after the muddle following the interpretation by the Courts of the definition of a contract carriage, has made no claim that Appeals should be to the

<sup>1</sup> Publication of Inspectors' Reports was recommended by the Committee on Minister's Powers, 1932, Report Cmd. 4060, pp. 100-8. Constitutionally it is an important development. It must be noticed that the persons who hold the Appeal inquiries for the Minister of Transport are not officials of the Department, as is usually the case with the Appeal inquiries of other Departments.

ordinary Courts. Instead, the setting up of an Independent Appeal Tribunal has been urged.

Such a Tribunal is actually working as part of the licensing machinery for goods road transport.<sup>1</sup> It consists of three members appointed by the Minister of Transport after consultation, in the case of the Chairman (who must be a lawyer) with the Lord Chancellor and, in the case of the other two members, with the President of the Board of Trade and the Secretary of State for Scotland. The Tribunal has power to make such order as it thinks fit on Appeal and its decision is final and binding on the licensing authority (i.e. the Chairman of the Commissioners).

The reason for this difference between goods and passenger road transport is largely historical.<sup>2</sup> The Ministry of Transport Act, 1919, gave the Minister power to hear and decide Appeals against the decisions of local authorities acting as licensing authorities. This power was re-enacted and strengthened by the Roads Act of the following year. The Road Traffic Act, 1930, re-enacted this appellate jurisdiction of the Minister, thus preserving the ten years' experience the Department had gained in these matters. The situation after 1930, however, was different in two ways. Prior to that date the licensing authorities had been independent of the Minister and also the control had been much less complete and in many areas non-existent. It is these differences in the post-1930 situation which have led to the Minister's appellate powers being attacked instead of approved as hitherto.

In estimating the strength of the claim for new Appeal machinery it must be noted that the Minister's close relations with the Commissioners have not prevented him from reversing or modifying their decisions. Table II shows the results of three years of Appeal decisions. It will be seen that the Minister has decided against the Commissioners in more cases than he has upheld them, and that, even if the withdrawals are considered as being the result of decisions in the Commissioners' favour, the Minister has still reversed or modified the Commissioners' decisions in nearly 39 per cent of the cases.

Nevertheless, the arguments against the Minister's position may still have some force and they are not met by

<sup>1</sup> Section 15, Road and Rail Traffic Act, 1933.

<sup>2</sup> Also the licensing of goods road transport is not very detailed, nor does it involve any major questions of policy.

TABLE II

RESULTS OF VALID APPEALS AGAINST TRAFFIC COMMISSIONERS' DECISIONS ON ROAD SERVICE LICENCES

Result.	1931-2.	1932-3.	1933-4.	Total.	Per-centage.
Reversing or modifying.	140	506	685	1,331	38·6
Upholding. . . . .	249	701	365	1,315	38·2
Withdrawn . . . . .	255	342	203	800	23·2
	644	1,549	1,253	3,446	100·0

(Compiled from the *Annual Reports of the Traffic Commissioners.*)

the plea that an independent tribunal might be slower and more costly. The strongest argument against such a tribunal is the difficulty of reconciling conflicting policies. The Minister in making his decisions must follow, consciously or unconsciously, a certain policy ; even interpretation of statute law cannot avoid this.<sup>1</sup> If his powers were transferred to another body, a policy would still be required, but there would be this difference : by reason of its power to make Orders on Appeal the tribunal's policy would override the Minister's policy whenever it differed. The Minister's control would be weakened and with it Parliamentary control, for no one would be responsible to Parliament for the tribunal's policy. This would be an unsatisfactory position and any attempts to remedy it could hardly result in more than some further unnecessary complication of the present licensing system.

<sup>1</sup> Cf. Road Traffic Act, 1930, Section 72 (3), which requires the Commissioners (and hence the Minister on Appeal) to consider " the co-ordination of all forms of passenger transport."

## CHAPTER VIII

### VEHICLES

THE Road Traffic Act, 1930, requires a public service vehicle to possess two <sup>1</sup> types of licence before being used: a certificate of fitness and a public service vehicle licence.

#### *Certificate of Fitness.*

The certificate of fitness is issued by the Certifying Officer of the Area to the effect that the prescribed conditions as to fitness are fulfilled in respect of the vehicle. These conditions are of three kinds.

First, there are a number of provisions which prescribe the main constructional requirements, such matters as overall length, guard rails, springs, entrances and exits and the general maximum or minimum dimensions of the vehicle. For example, a four-wheeled double-decked vehicle must not exceed 26 feet in overall length nor 15 feet in height; further, its stability must be such that when loaded with a full complement of passengers on its upper deck and carrying a driver and conductor the vehicle can be tilted to either side to an angle of 28° without overturning; there must also be adequate ventilation without the necessity for opening the main windows.<sup>2</sup>

Secondly, the equipment of the vehicle must comply with certain statutory requirements. Every public service vehicle must carry, readily available, an efficient fire-extinguishing apparatus and, if it is being used as an express or contract carriage, must also carry a first-aid outfit.<sup>3</sup>

Thirdly, there are certain general regulations which, though they do not prescribe any quantitative requirements,

<sup>1</sup> In addition to the licence required under the Roads Act, 1920. The "road fund" licence is issued by the County or County Borough Council along with an index mark and registration number, the cost varying according to seating capacity, type of tyre fitted and fuel used.

<sup>2</sup> Public Service Vehicles (Conditions of Fitness) Provisional Regulations, 1931, and amendments thereto. The Motor Vehicles (Construction and Use) Regulations, 1931, S.R. & O., No. 4, which apply to motor-cars in general also govern public service vehicles in a few details, e.g. brakes.

<sup>3</sup> Public Service Vehicles (Equipment and Use) Provisional Regulations (No. 2), 1931, and amendments thereto.

are, nevertheless, of the utmost importance. Every public service vehicle must at all times be in such condition that no danger is caused or likely to be caused to any person on the vehicle or on the road ; all bodywork, upholstery and fittings must be soundly and properly constructed of suitable materials well finished and in good and serviceable condition, and of such design that it is capable of withstanding the loads and stresses likely to be met with in operation ; the body, both externally and internally, and all windows, fittings and seats for passengers, must be maintained in clean and good condition.

The certificate places the vehicle in a particular class, i.e. stage, express or contract. The nature of these three classes has been indicated elsewhere.<sup>1</sup> The constructional requirements do not differ much for the three classes. In the case of stage carriages fitted with permanent tops it is prescribed that there shall be unobstructed internal accessibility to every seat, whilst for the other classes it is sufficient that there should be unobstructed accessibility to every seat from some entrance. Other differences refer to the side overhang, the carrying of first-aid equipment and speedometers. The stage carriage licence is the most general in that it can also be used for a contract carriage or, subject to any condition attached to the road service licence, for an express carriage. The express carriage may also be used as a contract carriage, but the consent of the Commissioners in writing must be obtained before it can be used as a stage carriage. A contract carriage can only be used for that purpose. The majority of certificates granted are for stage carriages which by reason of their transferability to other uses are generally more useful.

The requirements of the law in respect of the fitness of public service vehicles are subject to two limitations. Certain of the requirements are restricted to vehicles registered after a certain specified date. More important is the gap in the law by which vehicles having a seating capacity of less than 8 passengers do not require a certificate of fitness even though, when used to carry passengers at separate fares on occasions other than race meetings, public gatherings, or other similar occasions, they require a public service vehicle licence. Some control over the mechanical efficiency of vehicles of this size can, however, be exercised by the Commissioners when considering the application for the

<sup>1</sup> See Chapter II.

public service licence.<sup>1</sup> No figures are available as to the exact number of small vehicles operated in this manner, but it is probably less than 1,000, and of these the majority is in rural districts. The Minister of Transport has power to extend the provisions of the Act to this size of vehicle, but so far no move has been made in that direction.

It must also be mentioned here that a certificate of conformity to type may be applied for instead of a certificate of fitness. One vehicle is approved as a "type" and subsequent vehicles are approved as conforming to this type. There is a larger initial fee but a smaller fee for the subsequent certificates. In practice this method is seldom used and then only by the larger operators. The vehicle has still to undergo the usual annual inspections.

In securing compliance with these regulations the Certifying Officer is assisted by a staff of Examiners situated in different parts of the Traffic Area. Before a certificate of fitness is granted the vehicle is given a complete examination and a road test. If it fails to meet the statutory requirements a list of matters requiring attention is sent to the owner. Only when these have been attended to satisfactorily is the certificate granted. The failings may be in respect of any of the numerous regulations, e.g. the vehicle may be a little too long, but more frequently they refer to mechanical faults. The certificate may be granted for any period from one to five years at the discretion of the Officer, who takes into consideration the age and condition of the vehicle.

Once certified, the vehicle is examined annually and if found unfit for service, the certificate may be revoked or suspended until the vehicle is brought up to the required standard. In addition, the Officer or his Examiners may inspect a vehicle on any occasion they think fit, these "spot checks" being more of a surprise than the annual inspection. As a final precaution operators must notify the Commissioners (a) of any failure of or damage to the vehicle of a nature calculated to affect the safety of the passengers or of persons using the road, and (b) of any

<sup>1</sup> In their Report for 1933-4 the Commissioners for Northern Scotland observed with misgiving the growing practice of reducing the seating capacity of some vehicles to less than 8 seats because a certificate of fitness had been refused or would obviously not be granted in view of the condition of the vehicle. The Commissioner added that they would not hesitate, in considering applications for public service vehicle licences, to exercise their power to safeguard the public *Third Annual Report*, p. 82.

alteration to the structure or fixed equipment of the vehicle. This notification is referred to the Certifying Officer and the vehicle may be required to be withdrawn from service until subsequently passed as fit.

An indication of the work involved and the thoroughness of this continual inspection is given in the Annual Reports of the various Traffic Areas. During the year ending March 31, 1934, in the East Midland Area, which contained 3,915 public service vehicles, there were 1,125 inspections in respect of applications for certificates; 3,329 annual inspections which involved 2,919 further visits; 3,627 spot checks which involved 1,920 further visits; and 850 other visits were made to see that the requirements of the Certifying Officer were being carried out, in total 13,770 inspections, so that on the average each vehicle had 3 or 4 inspections during the year. 465 vehicles were suspended at some time or other during the same period.

#### *Public Service Vehicle Licence.*

A public service vehicle licence is granted by the Traffic Commissioners to a particular owner in respect of a particular vehicle. Apart from certain transitional provisions which are now of no effect, no such licence can be granted without a certificate of fitness having first been issued by the Certifying Officer.

The licence is personal to the holder and before granting it the Commissioners are required to consider whether the applicant is a fit and proper person to hold such a licence; for example, the continued failure of an operator to maintain his vehicles in roadworthy condition would count against his application. Unlike the certificate of fitness, the licence is not transferable with the sale of the vehicle.

#### *Effects of Control.*

The provisions of the Road Traffic Act as regards the licensing of vehicles came into operation on April 1, 1931. Prior to that date there had been little or no control except in the case of some of the larger local authorities and in the Metropolitan area. It was realised that in the first year it would be impossible to make a complete detailed examination of the 50,000 vehicles which would come under the new law. To facilitate the transition from the old to the new system the Commissioners were empowered during the first four years to grant public service licences to all vehicles

licensed to ply for hire prior to January 1, 1931, without the necessity of a certificate of fitness being granted first. Nevertheless, before any licence was granted, the Commissioners attempted to satisfy themselves as to the road-worthiness of the vehicle, and during 1931-2 practically all vehicles were subjected to some kind of mechanical examination. In particular, examination was concentrated upon those vehicles which were most defective and this, combined with the fact that the requirements of the regulations were known to operators, meant that the main results of the new system were felt in the years 1931 and 1932. These results may be looked at from two angles: first, as they affected the number of vehicles in the industry, and second, as they affected the mechanical efficiency of vehicles.

(i) *Control and the Number of Vehicles in the Industry.*

From 1931 onwards a sharp decline took place in the number of public service vehicles in operation. As compared with the previous year the number of vehicles,<sup>1</sup> with a seating capacity exceeding 8 persons, fell by 6·7 per cent in 1931, 4·1 per cent in 1932 and 3·2 per cent in 1933. Altogether, in the three years 1931-3 there was a decline of 6,992 vehicles. This decline contrasts sharply with the increases of 7·8 per cent and 5·5 per cent in 1929 and 1930 respectively, the two years prior to the establishment of the present licensing system.

The significance of the connection between the decline after 1930 and the strict supervision which came into force on April 1, 1931, is increased by the abnormal number of vehicles withdrawn after that date. In 1929 the number of vehicles withdrawn or suspended from operation was 5,759, in 1930, 5,639; in 1931 it rose to 10,916; was 7,011 in 1932 and 4,183 in 1933.<sup>2</sup> The number of vehicles which would normally have been withdrawn in 1931 and 1932 may be estimated as 6,000 per annum, or 12,000 in all. Actually there were nearer 18,000 withdrawals, or nearly 6,000 more than might normally have been expected. Part of the abnormal number of withdrawals may perhaps be explained by the fact that in 1930, owing to the imminence of new constructional and equipment regulations, many operators refrained from buying new vehicles, but continued using their old ones until such time as they knew the requirements of the law. The main factor, however, was the statutory

<sup>1</sup> See Appendix, Table I.

<sup>2</sup> See Appendix, Table II.



insistence upon a high standard of fitness coupled with the establishment of administrative machinery to secure that this standard was achieved. The number of applications for certificates of fitness which were refused does not give anything like the complete picture because of the transitional provisions. The results of applications for public service vehicle licences are a much better indication and are given in Table I.

TABLE I  
PUBLIC SERVICE VEHICLE LICENCES  
*Results of Applications decided by the Traffic Commissioners*

	1931-2.		1932-3.		1933-4.	
	Number.	Per cent of Total.	Number.	Per cent of Total.	Number.	Per cent of Total.
Granted . . .	50,443	88.2	49,352	98.6	46,384	99.4
Refused . . .	890	1.6	159	0.3	32	0.1
Withdrawn . .	5,829	10.2	540	1.1	269	0.5
	57,162	100.0	50,051	100.0	46,685	100.0

(Compiled from the *Annual Reports of the Traffic Commissioners.*)

The number of applications actually refused is misleadingly small, and in order to obtain a significant figure the majority of the number withdrawn must be included as implied refusals. The reason is that operators realised, either after the first inspection or after hearing of the experience of other operators, that the vehicle applied for had no chance of being licensed, certainly not until considerable cost had been incurred in attempting to bring it up to the requirements of safety and efficiency. The connection between the abnormal number of withdrawals in 1931 and 1932 and the large number of applications refused or withdrawn during those years is obvious. The actual number of vehicles forced out of operation by the new provisions can only be guessed at, but it was probably in the neighbourhood of 4,500.

The withdrawals of a large number of old and unfit vehicles would not, however, have caused a decline in the total number of vehicles in operation had there not also occurred a reduction in the number of new vehicles regis-

tered. The number in 1929 was 9,350; in 1930, 8,398; in 1931, 7,402; in 1932, 4,998, and in 1933, 2,718.<sup>1</sup> In view of the large increase in the number of vehicles withdrawn in 1931 and 1932, one would expect to find a corresponding increase in new vehicles during those two years; instead, there is a marked decline. There are two reasons for the apparent paradox.

In the first place, the size of vehicle was increasing. Even in 1929 and 1930, when the total number of vehicles showed an increase the smaller capacity vehicles (9-20 seaters) showed a decline. Again, whilst 1932 showed a decline from 1930 of 10 per cent in the total number of vehicles, this figure concealed a 15 per cent increase in vehicles exceeding 40 seats and a 38 per cent decrease in 9- to 20-seaters. At the commencement of the new licensing system there were 47,870 public service vehicles with an average seating capacity of 29.79, giving a total capacity of 1,426,122 seats. At December 31, 1933, though the number of vehicles had decreased by 5.7 per cent to 45,135, the average size had increased by 7.6 per cent to 32.26, with the result that total seating capacity showed an increase of 2.1 per cent.<sup>2</sup>

In the second place, the Traffic Commissioners since they commenced their duties early in 1931 have managed to reduce competitive running, either by refusing to license certain services or by causing operators to co-ordinate or pool their competitive services. The aim has been to prevent two or more vehicles running only partly full when one vehicle loaded nearer to capacity would satisfy the need. The decline in the number of vehicles and the increase in their size are two indications of the effects of this policy. Another is that the number of service miles operated per vehicle rose from 27,809 in 1931 to 28,652 in 1933, an increase of 3 per cent.<sup>3</sup>

The cumulative effect of the increased size and mileage of vehicles may be calculated by multiplying the average seating capacity of vehicles at March 31, 1931, and December 31, 1933, by the total number of service miles operated during 1931 and 1933. The result shows that the industry had a seat-mile capacity of 40,742 millions on the 1931 basis, and 42,254 millions on the 1933 basis. In view of the fact that the industry could produce 1,512 million seat-

<sup>1</sup> See Appendix, Table III.

<sup>2</sup> See Appendix, Table IV.

<sup>3</sup> See Appendix, Table V.

miles more at the end of 1933 than at the beginning of 1931, the restrictive effects <sup>1</sup> of the Road Traffic Act, 1930, cannot be considered as serious as might be suggested by the decline in the number of vehicles. On the one hand, the Act certainly caused the withdrawal of a large number of unfit or unsuitable vehicles, but on the other hand it created conditions which allowed the vehicles remaining in the industry to operate a greater number of seat-miles.

*(ii) Control and Mechanical Efficiency.*

It is equally important to take into account the less measurable results of the new requirements. In the general mechanical fitness of vehicles a great improvement is to be noticed. Before the Act came into force the large operators did maintain their fleets at a high level of mechanical efficiency because they realised the financial value of such a policy. While the same can be said of most of the small operators it was certainly not true of a minority of them, and, except where they were also garage proprietors, the size of their fleets frequently did not justify the necessary maintenance plant. The Act has undoubtedly been of considerable value to these small operators. The yearly cost of the certificate and licence (at the most £6) is small in comparison to the value of the complete mechanical overhaul which each vehicle receives. This is not to deny that the continual inspection may be irksome at times, as for instance when a vehicle is suspended from service for a fault which under ordinary circumstances the operator would not consider sufficiently important to need this course of action. Some of the minor requirements, such as those concerning the dimensions of vehicles, may also appear rigid, arbitrary and onerous. But, if the industry feels any regulation to be too restrictive, it may always make representations to the Minister of Transport, and the fact that the main body of regulations is still provisional and that, in a relatively short period, the regulations have already been amended on several occasions, shows that they are not regarded as fixed. It is, of course, annoying to find that a vehicle when built is an inch or so beyond the maximum length and must be altered, but this generally means that the body-builders have been at fault.

It hardly seems possible that the present high standard

<sup>1</sup> The general effects of the Road Traffic Act, 1930, are considered in greater detail in Chapter XIII.

of mechanical efficiency could have been obtained without a system of inspection and control. It is true that, in the long run, an operator who did not maintain his vehicle properly would incur higher costs partly because his running costs would be higher, but more especially because the life of the vehicle would be shorter. Ultimately he would be forced out of business, but this might take anything up to five years, and, but for the new system, there would always have been large numbers of operators whose vehicles were not maintained efficiently.

## CHAPTER IX

### EMPLOYEES

STATUTORY control over the employees in the road passenger transport industry is concerned with their character and capacity, with their conduct and with their wages and working conditions.

#### *Character and Capacity.*

Since April 1, 1931, every driver and conductor of a public service vehicle must be licensed <sup>1</sup> each year by the Traffic Commissioners <sup>2</sup> of the Area in which he resides. In considering applications for such licences the Commissioners must satisfy themselves on several points. Every driver and every conductor must be over 21 and 18 years old respectively, though, as a transitional provision, these minimum ages did not refer to applicants who, during the last six months of 1929, were regularly employed as drivers or conductors of public service vehicles. The applicant must not suffer from any physical disability and he is required to furnish a certificate of physical fitness signed by a registered practitioner, in terms stipulated by the Commissioners. This doctor's certificate covers all the disabilities likely to affect the applicant's capacity, e.g. loss of limbs, sight, etc. Further, applicants for drivers' licences must pass a test as to their driving ability and their knowledge of the Highway Code. Finally, the Commissioners must satisfy themselves that the applicant is a fit and proper person. In this they are helped by a certificate from the applicant's present or past employer and from two householders or ratepayers and a police report as to the character of the applicant. Not only convictions obtained during employment (e.g. reckless driving and theft) but also other convictions (e.g. drunkenness) are taken into

<sup>1</sup> This is in addition to the ordinary driving licence required by all drivers of motor vehicles.

<sup>2</sup> The Commissioner of Police is the licensing authority for drivers and conductors in the Metropolitan Area.

account. If they decide to grant a licence the Commissioners may confine it to a particular type of vehicle.

During the year ending March 31, 1934, 90,864 applications for drivers' licences were dealt with by the Commissioners. Of these, 88,787 or 97·7 per cent were granted, 713 or 0·8 per cent refused and 1,364 or 1·5 per cent withdrawn.<sup>1</sup> These figures are of little value in showing the severity of the various tests because they include applicants who had been previously licensed and whose application, therefore, required a less searching examination. From the rather scanty information available in the Annual Reports of the Commissioners it would appear that there were about 8,000 applicants who had not been licensed before and who were required to undergo a driving test. Assuming that all the refusals were in this group the percentage of applications refused was actually about 10 per cent, and if the withdrawals are taken as implied refusals the percentage of applicants unsuccessful was about 25 per cent. The reasons for refusal are not available for all Areas, but of 446 refusals where such information is available 266 failed to pass the driving test ; 109 failed to provide facilities for such a test ; 55 had an unsatisfactory character ; 13 applicants were under age and 3 were refused for miscellaneous reasons. Many of the withdrawals are also due to the recognition by the applicant of his inability to pass the driving test. Thus, in the Western Area <sup>2</sup> driving tests were given to 717 applicants and of the 163 who failed to reach the required standard 161 withdrew their applications.

The number of refusals and withdrawals in respect of applications for conductors' licences is comparatively small. During the year ending March 31, 1934, 69,727 applications were considered by the Commissioners, of which only 125 or 0·2 per cent were refused and only 339 or 0·5 per cent were withdrawn.<sup>3</sup> The main ground for refusal was that the applicant was under age, with unsatisfactory character as the next main reason.

The number of both drivers' and conductors' licences issued is far in excess of the number of public service vehicle licences. Table I gives particulars of licences issued in respect of drivers, conductors and vehicles in 1931-2 and 1933-4.

<sup>1</sup> See Appendix, Table VI.

<sup>2</sup> *Third Annual Report, 1933-4*, p. 57.

<sup>3</sup> See Appendix, Table VI.

TABLE I

LICENCES GRANTED \* FOR DRIVERS, FOR CONDUCTORS AND FOR  
PUBLIC SERVICE VEHICLES

	Year ending March 31,		Increase + or Decrease -.
	1932.	1934.	
Public service vehicles	50,443	46,384	- 4,059
Drivers . . . .	78,034	88,787	+ 10,753
Conductors . . .	62,980	69,263	+ 6,283
Drivers per vehicle .	1.55	1.91	—
Conductors per vehicle	1.25	1.49	—

(Compiled from the *Annual Reports of the Traffic Commissioners.*)

\* The figures refer to licences granted during the year covered by the Annual Reports and do not represent licences current or actually in use at the end of the year. There is little reason to believe that this weakness affects one type of licence more than another, nor one year more than another.

The table shows that while the number of public service vehicle licences has declined since 1932, the number of drivers and conductors licensed has considerably increased, so that in 1934 there were nearly two drivers licensed to every vehicle and rather less conductors. In the case of conductors, however, regulations<sup>1</sup> provide that a conductor need not be carried on any stage-carriage where the seating capacity is 20 passengers or less, though the Commissioners may, as a condition of the road service licence, require a conductor on any stage or express carriage. They may, however, where the seating capacity does not exceed 26 and where no adult fare is less than 6d., certify that a conductor is not required. In September, 1933, there were over 10,000 public service vehicles with a seating capacity of 20 or less, so that the number of vehicles which actually require a conductor was between 35,000 and 36,000, giving 1.98 and 1.92 conductors per vehicle, respectively.

To what extent the number of drivers and conductors licensed is in excess of the needs of the industry is difficult to estimate. The impossibility of bringing in unlicensed persons in times of emergency means that there must be a reserve of persons licensed to meet such emergencies. Heavy peak demand requiring the employment of casual labour is one instance. A case of another kind occurred in the Northern Area, where, as a result of a strike among the employees of a large omnibus company, the Commissioners received applications for and granted a number of new drivers' licences. The restriction on the hours of working

<sup>1</sup> Public Service Vehicles (Equipment and Use) Provisional Regulations (No. 2), 1931.

combined with the necessity for running services over long periods of the day is also a factor to be considered. The only complete figures of employment are contained in the 1931 Census, which showed that 125,074 persons were employed in public service vehicle operation. As the number of drivers' and conductors' licences granted in 1931-2 was 141,014, it is obviously far in excess of the drivers and conductors actually in regular employment.

It would appear that the rapid development of the road transport industry has had the effect of attracting many persons from the less prosperous industries. Thus the North-Western Commissioners, commenting<sup>1</sup> on the increase in drivers and conductors licensed in 1933, note that the additional number was mostly from the industrial areas where much unemployment existed. It is also important to note that the increase is the net result of a large number of licences being surrendered but a larger number of new applications being granted. In the Southern Scotland Area,<sup>2</sup> for example, 385 drivers surrendered their licences in 1933-4, mainly due to lack of employment, but 642 applications were received from persons not previously licensed, so the net result was an increase. Whatever may be the cause of the increase in the number of drivers and conductors licensed, it is sufficient to note here that the new licensing procedure has not prevented a substantial increase in the number of potential employees of the industry, a number probably far in excess of the industry's present needs.

### *Conduct.*

The second form of control regulates the conduct of drivers and conductors. Regulations<sup>3</sup> made by the Minister require, *inter alia*, that drivers and conductors, when acting as such, shall behave in a civil and orderly manner; shall not wilfully deceive or refuse to inform any passenger or intending passenger as to the route or destination of the vehicle or as to the fare for any journey; and shall not

<sup>1</sup> *Second Annual Report*, 1932-3, p. 37.

<sup>2</sup> *Third Annual Report*, 1933-4, p. 92. The change was even greater among conductors in this Area; 1,143 conductors did not re-apply for licences, but 1,300 entirely new applications were received. This is probably a special case owing to the large number of women conductors in the Area.

<sup>3</sup> Public Service Vehicles (Conduct of Drivers, Conductors and Passengers) Regulations, 1933, S.R. and O., No. 235.



cause the vehicle to remain stationary on a road longer than is reasonably necessary to pick up or set down passengers. Failure to comply with these regulations makes the driver and conductor liable to a fine not exceeding £5, in addition to which he may have his licence endorsed by the Court and suspended, revoked, or not renewed by the Commissioners.

### *Conditions.*

Finally, control is exercised over the wages and conditions of employees. Before dealing with the general provisions of Section 93 of the Road Traffic Act, 1930, reference must be made to the special control over the hours of drivers. Section 19 which contains these provisions has been considerably varied <sup>1</sup> since first enacted and is now perhaps the most complicated provision of the Road Traffic Acts. Broadly, it imposes two kinds of limitation on drivers' hours. There is a maximum limit to the number of hours of continuous driving and a minimum limit to the number of hours of consecutive rest. The two limitations are to a large extent complementary in that a larger number of hours of continuous driving is allowed if the following rest period is long and the number of consecutive hours of rest may be shorter if the driving hours are short. There is also some difference between the provisions according to whether they apply to a stage carriage or to an express or contract carriage service. In certain circumstances it is possible for a driver to do as much as 8½ hours almost continuous driving or, alternatively, to have as little rest as 8 consecutive hours in any one day. Time during which the driver is bound by the terms of his employment to obey the directions of his employer, or to remain on or near to the vehicle, or during which no reasonable facilities exist for him to rest away from the vehicle, is counted as driving time. A rest period of at least half an hour (which need not be taken away from the vehicle) is required if two or more periods are not to be regarded as continuous. These hours may be varied by the Minister of Transport after referring them to the Industrial Court for advice. Applications to the Minister for variation may be made by any organisation representative of employers or workpeople in the industry.

These provisions have in practice shown the difficulty

<sup>1</sup> See particularly the Road Traffic Act, 1930 (Variation of Provisions of Section 19) (No. 2) Order, 1933, S.R. and O., No. 582; and the Road and Rail Traffic Act, 1933, Section 31.

inherent in any attempt to legislate generally for an industry with widely differing conditions. They involved, in the first instance, some re-arrangement of drivers' schedules of duty. This re-arrangement often proved difficult because the length of time taken on any particular journey could not be made to fit in with the statutory requirements, at least not without some inconvenience to either the driver or the employer. Some of these difficulties have, undoubtedly, led to the contravention of the provisions in minor ways. The demand for passenger transport is not restricted to, say, 8 continuous hours per day ; it fluctuates hourly (for some 15 hours per day) and seasonally and in certain types of service (private hire and excursions) is very irregular. In a large company operating a number and variety of services some shift system and roster of duties can be introduced, and for highly seasonal work casual labour may be employed. But this is difficult where an operator runs only one or two services with mainly a morning and evening load and also runs irregular services on demand. Then the driver may be under the control of the employer for very long hours, though he may not actually be driving all the time, but engaged at other times in the garage or cleaning the vehicle. Again, some small operators provide poor conditions for their drivers (and other staff) due to their service not being very remunerative either because the route is in poor demand (otherwise a large company would probably have bought it up) or because there exists strong competition.

It is difficult in practice to prevent contravention of Section 19. With such highly seasonal services as seaside excursions, both operators and drivers are prompted to earn as much as possible. Again, even if the driver objects, it means that he must turn informer, in which event he is almost certain to be discharged by his employer and have difficulty in securing further employment in the industry. In general, it appears to be nobody's duty to see that the law is obeyed. The Traffic Commissioners are not concerned, and the Police, on whom the task would ordinarily fall, do not always appear to accept this addition to their duties and expenses. It is interesting to note that, as regards drivers and attendants engaged on most licensed goods vehicles, Section 16 of the Road and Rail Traffic Act, 1933, requires a record to be kept of the times at which they commence and cease work and the intervals of rest.

These records must be preserved for a period of six months and for an additional six months on the request of the licensing authority or chief officer of police, and must be produced on the request of these authorities. The Section has not been long in operation and hence little or nothing is known of its effectiveness. If, however, it does prove successful, the extension of it to cover passenger vehicle drivers should be seriously considered.

Section 93 of the Road Traffic Act, 1930, is of much wider application and provides for the "fair wages clause" in the following terms: "The wages paid by the holder of any road service licence to persons employed by him in connection with the operation of a public service vehicle and the conditions of employment shall not be less favourable to them than the wages which would be payable and the conditions which would have to be observed under a contract which complied with the requirements of any resolution of the House of Commons for the time being in force applicable to contracts with Government departments." Any organisation representative of the persons engaged in the road transport industry may make representations to the Traffic Commissioners that the holder of a road service licence is not treating his employees in accordance with the subsection. The Commissioners may then investigate and consider the matter themselves, but usually, sooner or later, it is sent to the Ministry of Labour Conciliation Officer for the Area. Whilst the Commissioners should be aware of any proceedings that are being taken under this head the Conciliation Officer is obviously the most suitable person to deal with the matter and, hence, if needless delay is to be avoided, the representation should be immediately passed on to him. If the dispute is not settled the Minister of Labour may refer it to the Industrial Court for settlement. Compliance with the Section is legally regarded as a condition of the operator's road service licence and therefore any breach forms a ground on which the Commissioners may revoke or suspend such a licence.

The Section covers "persons employed . . . in connection with the operation of a public service vehicle . . ." and until recently this was taken as covering not only drivers and conductors but also those engaged in the maintenance, repair and cleaning of the vehicles. In its Award No. 1597, however, the Industrial Court was of the opinion that "the operation of a public service vehicle is

when it is in use on the roads for public service " and, hence, maintenance mechanics were not covered by the fair wages clause. This interpretation rather narrows the scope of the Section, though it may be in keeping with the legislation regarding goods vehicles whereby the clause only applies to drivers and statutory attendants.

The present " fair wages " resolution of the House of Commons reads as follows : " The Contractor shall . . . pay rates of wages and observe hours of labour not less favourable than those commonly recognised by employers and trade societies (or, in the absence of such recognised wages and hours, those which in practice prevail amongst good employers) in the trade in the district where the work is carried out. Where there are no such wages and hours recognised or prevailing in the district, those recognised or prevailing in the nearest district in which industrial circumstances are similar shall be adopted. Further, the conditions of employment generally accepted in the district in the trade concerned shall be taken into account in considering how far the terms of the Fair Wages Clauses are being observed. . . . " <sup>1</sup>

The Industrial Court was established in 1919 and among its members, who are appointed by the Minister of Labour, there are representatives of workpeople and employers. Its decisions are not legally enforceable but, by reason of the fact that observance of the fair wages clause is a condition of the road service licence, the decisions of the Court in respect of the road passenger transport industry are given peculiar force. It would, therefore, appear that these circumstances should have been especially favourable to the employees in the industry. Notwithstanding the fact that up to the end of 1934 the Court had given most of its awards in favour of the employees the working of Section 93 has only had a limited success. This is due to a variety of reasons.

If Section 93 and the fair wages clause are read together they require the Industrial Court, in the final instance, not to lay down precise rates of wages and conditions but rather to decide whether the wages and conditions in the actual case before them are comparatively fair. Comparison is the keynote of its decision, and, therefore, a standard is required. This standard may be either (a) the recognised (i.e. agreed) trade-union rates and conditions or (b) the prevailing rates and conditions. In either case the rates

<sup>1</sup> *Hansard*, March 10, 1909.

and conditions must refer strictly to the district where the work is carried on and to the same trade. If this standard cannot be found in the district, it is allowable to make comparisons with the nearest district in which industrial conditions are similar.

Where there exists some general agreement between employers and employees as to wages and conditions the application of the clause is fairly simple; any employer not observing the agreement is *prima facie* breaking the fair wages clause. No such general agreement exists in the motor omnibus industry. The industry is not one in which, up to the present at least, trade unionism has been very successful. The presence of a large number of small and scattered employers, the antagonism of some of the large companies and an increasing level of unemployment has considerably handicapped trade-union activity. As a result, though individual agreements exist, especially with local authorities and the large companies, there is no national or area machinery or agreement. The nearest approach to general agreement has been in the field of municipal operation. Here the presence of a National Joint Industrial Council for the Tramway Industry with its national agreement has resulted in some of the local authorities applying the same conditions to their omnibus employees. In the near future, it is expected that the activities of the Council will be extended to cover omnibus operation. With regard to the large companies there is little or no uniformity. Some of them are antagonistic to any development of trade unionism among their employees, and in such cases the trade union is seldom strong enough to insist upon an agreement. In most instances, however, agreements have been reached with individual companies. Wages and conditions among these large companies are, generally speaking, fairly good, for even in non-union companies the men are only kept from joining trade unions by the maintenance of a fairly satisfactory level of conditions and the provision by the companies of social and recreation facilities. Wages and conditions among the small operators are not so good for the reasons previously stated. Trade-union activity is also weakest here because of the difficulties of organisation where only a few workers are employed, the fear of victimisation, and the seasonal nature of the work.

At first glance it would appear that representations against these small operators who are alleged to be dis-

regarding the clause could be made on the basis of a comparison with the large company and local authority agreements. This is possible in some instances but there are usually two serious difficulties. First, the work on which the men are engaged must be comparable. The difficulty here is that the services operated by small operators are usually of quite a different nature from those run by large companies and local authorities; excursion and private hire work predominate and the regular services, where operated, are usually of a very limited nature. It is, therefore, difficult to compare wages and conditions of employees on these services with those engaged on a regular express service running through the district or even on a highly developed stage-carriage service forming part of a network of services.

The second difficulty is often more serious. Even where similar work is to be found it may not be in the same district or in a district where industrial conditions are similar. The regular services of the small operators are frequently restricted to a locality which is hardly touched by a big company or local authority. Frequently it is a scantily populated locality, the residents being either engaged in agriculture or in one of the less flourishing industries such as mining or quarrying, and, hence, there are obvious difficulties in the way of a clear-cut comparison with services which cater for large towns and more prosperous routes.

In many of these localities there may, of course, be a number of small operators working under similar conditions, but even then there are obstacles to a sound basis of comparison. The wages and especially the conditions will generally be found to vary among the operators in the locality. If they do not, then, however bad these are, the fair wages clause could not operate unless some other basis of comparison could be found. Even if wages and conditions vary the best may still be lower than the trade union is prepared to accept, and hence it would hesitate to take this operator as a basis for comparison. An even more serious obstacle is the difficulty of obtaining information where the number of employees is very small. The Road Traffic Acts, 1930-4, give power neither to the Traffic Commissioners nor to the Ministers of Transport or Labour to command statements of wages, etc., or to take evidence on oath. What happens, therefore, in practice, is that the trade union obtains information as to wages and conditions

from an employee of the firm, most likely one who has been recently discharged, for many employees fear victimisation if they are found giving such information. On the basis of this information the trade union may make representation to the Traffic Commissioners. The employer is then asked either by the Commissioners or the Ministry of Labour Conciliation Officer to state the wages and conditions of his employees. In all probability the two rival statements will, to some extent, differ and at the moment no one has power to investigate and ascertain which is correct. Where this situation arises, attempts to engage upon conciliation or to find a basis of comparison to place before the Industrial Court obviously bristle with difficulties.

So far mention has only been made of the position of the small operator. Section 93 is equally difficult to apply to large companies. The operating area of these companies is frequently so large and covers such diverse conditions that what might be an appropriate comparison for one part of their services may not be appropriate for another part. Furthermore, there is seldom a comparable operator in their area. Even where local authority operation exists it is usually restricted to a small and probably peculiar part of the company's area. The other private operators in the area will in the main consist of very small operators running different services under different conditions probably having lower standards of employment than the company.

It would appear that if the provisions of Section 93 are to be really effective some machinery for collective bargaining must be established. In this respect it is interesting to compare the position obtaining on the goods side of the road transport industry. The Road and Rail Traffic Act, 1933, applied the fair wages clause to drivers and attendants employed by holders of A and B licences (i.e. carriers of goods for hire and reward). To facilitate its application the Minister of Labour was instrumental in establishing<sup>1</sup> a National Joint Conciliation Board for the industry, composed of 15 representatives of employers and of employees and an independent chairman. In its report, issued August, 1934, the Board set out the agreed wages and conditions dividing goods services into (1) trunk and long-distance,

<sup>1</sup> Referring to the provisions of the Road and Rail Traffic Act, 1933, and the establishment of the National Joint Conciliation Board, the Minister of Labour's Annual Report for 1933 states: "The effective enforcement of these provisions would clearly be greatly facilitated by the existence of agreed conditions . . ." (p. 85).

(2) London, and (3) other services, with a further differentiation according to the size of the vehicle operated. As regards (3) the Board recommended three grades—the difference between Grade I and Grade III being 7s. 6d. to 8s. It further recommended that in each Traffic Area there should be established Area Joint Conciliation Boards which should apply these grades to the conditions of their area. The report met with considerable opposition and, instead of coming into force on October 1, was postponed until January 1, 1935. The attempt has revealed the difficulty of obtaining agreement among the individual haulage contractors, but it is too early yet to estimate the value of the machinery as a means of enforcing fair wages and conditions. The Board hopes that its determination will form a settled foundation on which the administration of the fair-wages provisions of the Act could be based.<sup>1</sup> If this should prove to be the case, similar machinery should be established for the passenger side of the road transport industry.

#### *Effect on Employment.*

The Road Traffic Act, 1930, led to profound changes in the nature of the motor-omnibus industry. The effect of this change on the services and the structure of the industry will be discussed later.<sup>2</sup> It is, however, relevant at this stage to consider whether the Act has had any repercussions upon the volume of employment. Table II gives the salient employment statistics for the industry.

Though these are the only official statistics available they are not very satisfactory for three reasons. First, the inclusion of tramway employees means that, as this industry is declining, the increase in the total figures is a net increase, and the omnibus figures, if available separately, would show a greater increase. Second, and more serious, is the exclusion from the figures in the table of charabanc employees who are classified under "Road Transport Not Separately Specified," an industrial group which also contains goods road transport. This is a class of operation which the Road Traffic Act has particularly affected, but in view of the fact that much of it is carried out by families, the numbers insured may not be very large. Thirdly, not only charabanc but also omnibus services are frequently operated by the owner and his family. In these cases, when

<sup>1</sup> Cf. Minister of Transport's Statement to the Press—September, 1934.

<sup>2</sup> See Chapter XIII.



TABLE II

## TRAMWAY AND OMNIBUS SERVICE

*Employment and Unemployment, 1928-33 (Great Britain and Northern Ireland)*

Year.	MALES.			FEMALES.			Total Number Employed Insured.
	Number Insured.	Average Number Unem- ployed.	Number Employed Insured.	Number Insured.	Average Number Unem- ployed.	Number Em- ployed Insured.	
1928	135,460	3,922	131,538	5,930	199	5,731	137,269
1929	148,050	4,237	143,813	6,690	261	6,429	150,242
1930	156,370	5,916	150,454	6,710	581	6,129	156,583
1931	166,370	7,960	158,410	7,490	749	6,741	165,151
1932	173,040	9,948	163,092	7,470	545	6,925	170,017
1933	174,350	10,034	164,316	8,850	495	8,355	172,671

The number of insured is the figure at July each year, the number unemployed being an average of the March, June, September and December figures.

the service is taken over by a large company the effect may be to increase the number of insured persons without there actually having been an increase in the numbers employed.

These statistical difficulties mean that any conclusions drawn from the table must be subject to reservations. Actually, however, the table does not lend itself to any clear-cut conclusions. Comparing the trend of total employment before and after 1931 it is noticeable that there has been a pronounced slowing up of the annual increase. In the two years 1929 and 1930 there was an increase of 19,314 on the total of insured employed persons as compared with only 7,520 in the two years 1932 and 1933. These total figures, however, obscure quite an opposite trend in the case of women, the increase being only 398 in 1929-30 as compared with 1,614 in 1932-3. The employment of women always tends to fluctuate more widely than that of men and is usually bound up with the fortunes of the industries of the area. The majority of these women are employed as conductors in Scotland, Yorkshire and Lincolnshire, the Scotland and North-Eastern Employment Divisions of the Ministry of Labour containing some two-thirds of the total. Examining the figures for males more closely, it will be seen that the slowing up of the increase in employment after 1931 is due more to a slowing up of the numbers of insured than to an increase in unemployment; this is shown clearly in Table III.

TABLE III  
TRAMWAY AND OMNIBUS SERVICE—MALES  
(Great Britain and Northern Ireland)

Year.	Increase over Previous Year.		
	Number Insured.	Average Unemployed.	Insured Employed.
1929 . .	12,590	315	12,275
1930 . .	8,320	1,679	6,641
1931 . .	10,000	2,044	7,956
1932 . .	6,670	1,988	4,682
1933 . .	1,310	86	1,224

The increase in unemployment after 1929 is obviously connected with the general industrial depression. Whether any part of the increase in 1932 was due to the pressure of the Road Traffic Act it is difficult to say. The buying up of small by large operators is not a phenomenon peculiar to the period after 1931, but the widespread co-ordination of competing services and the elimination of unnecessary mileage certainly received an impetus. The number of public service vehicles declined by 5·7 per cent between 1931 and 1933, but this is not a good guide to the output of the industry for the average number of miles operated per vehicle increased. Probably the best guide is the number of vehicle miles operated, and these have declined from 1,319 millions in 1931 to 1,310 millions in 1933. The average speed of vehicles has tended to increase rather than decrease during this period, and hence the number of hours of operation must have declined slightly more than the extent indicated by the total mileage figures. If this trend can be accepted as a reliable guide to the labour needs of the industry, this would mean a decline of rather less than 1 per cent, which, applied to the employment figure for 1931, would imply a decline of some 1,000 in the labour needs. Actually, however, this conclusion is contrary to the trend in the statistics of insured employed, which show an increase of 7,520 or 4·6 per cent during this period. Whilst it is true that the insured figures are subject to certain imperfections there is no evidence to prove that these imperfections completely invalidate the trend in the figures. On the whole, therefore, it must be concluded that the Road Traffic Act, 1930, has not prevented an expansion in the volume of employment provided by the industry, though the Act may have affected the rate of expansion, for this was not as rapid after 1931 as before that date.

## CHAPTER X

### STATUTORY CONTROL OF ROAD SERVICES— GENERAL

A ROAD SERVICE LICENCE is required for every service (except a contract carriage service <sup>1</sup>) on which motor vehicles are used to carry passengers for hire or reward. The licence, similar to the public service vehicle licence discussed in Chapter VIII, is personal to the holder named and is not transferable. The two licences differ, however, in that the road service licence relates not to a particular vehicle but to a specified route or service. For example, a stage carriage road service licence is a licence to run a service of stage carriages over a specified route under specified conditions.

When a service runs through more than one Traffic Area it requires two types of road service licence, a "primary," which is the road service licence proper and is usually applied for to the Commissioners of the Area in which the operator has his headquarters; and a "backing" which is required from the Commissioners of each of the remaining Areas affected by the service. Except where a backing Area is also a "corridor" Area there is no real difference between the two types of licence; all the legal provisions concerning granting, refusing or attaching conditions to a road service licence apply equally well to the backing, which, it must be noted, does not automatically follow the granting of the primary. The backing may, however, be dispensed with in the case of corridor Areas, i.e. Areas in which passengers are not taken up or set down or permitted to alight for the purpose of sight-seeing or for any other purpose requiring the vehicle to be halted for more than 15 minutes. If the service complies with these conditions for any Area the Commissioners in the primary Area may grant a licence which is also valid in the corridor Area. Before doing this they must consult the Commissioners of the corridor Area as to the route to be followed in that Area.

The usual and, at present, the maximum period for the

<sup>1</sup> For definitions of the different types of services, see Chapter II.

duration of a road service licence<sup>1</sup> is one year, after which application for a new licence must be made. Licences may be issued for a period less than one year, and short-period licences covering a specified occasion or a period not exceeding one week may be issued where the applicant satisfies the Commissioners that he could not foresee the need for the service in sufficient time to allow him to go through the ordinary procedure for obtaining a licence. The Road Traffic Act, 1934, gives the Minister power to issue regulations allowing a specified kind of road service licence to be issued for three years, but so far no action has been taken in this direction.

The powers of the Commissioners with regard to road service licences have two aspects. On the one hand, a licence may either be granted or refused, and on the other, if granted, conditions may be attached to it.

The discretion of the Commissioners to grant or refuse a licence is very wide. The Road Traffic Act, 1930, places only one imperative restriction on them: they shall not issue a road service licence if it appears to them that the law regarding the speed of motor vehicles is likely to be contravened.<sup>2</sup> Apart from this there are certain matters which the Act requires them, at their discretion, to take into account, viz.:

- “(a) the suitability of the routes on which a service may be provided under the licence;
- (b) the extent, if any, to which the needs of the proposed routes or any of them are already adequately served;
- (c) the extent to which the proposed service is necessary or desirable in the public interest;
- (d) the needs of the area as a whole in relation to traffic (including the provision of adequate, suitable and efficient services, the elimination of unnecessary services and the provision of unremunerative services), and the co-ordination of all forms of passenger transport, including transport by rail.”

Further, they must take into consideration “any representations which may be made by persons who are already

<sup>1</sup> The term “licence” or “road service licence” also includes “backings” unless otherwise stated.

<sup>2</sup> Section 72 (3). The speed limit for public service vehicles is 30 miles per hour.

providing transport facilities along or near to the routes or any part thereof or by any local authority in whose area any of the routes or any part of any of the routes is situate.”<sup>1</sup>

The Commissioners also possess wide powers of attaching conditions to any licence they may grant. The Act empowers them to attach such conditions as they think fit with regard to those matters which they must take into account when considering an application for a licence. These have already been mentioned. In particular these conditions are to secure that :

- “ (a) the fares shall not be unreasonable ;
- (b) where desirable in the public interest the fares shall be so fixed as to prevent wasteful competition with alternative forms of transport, if any, along the route or any part thereof, or in proximity thereto ;
- (c) copies of the time-table and fare-table shall be carried and be available for inspection in vehicles used on the service ;
- (d) passengers shall not be taken up or shall not be set down except at specified points or shall not be taken up or shall not be set down between specified points ;

and generally for securing the safety and convenience of the public.”<sup>2</sup>

It will be obvious that the conditions attached may cover a very wide field. The road service licence does not merely state that the operator named may run between A and B. It generally specifies the fares to be charged ; the times at which the service is to be run ; the points where passengers may be picked up and set down and the exact route.

The only other person having power over the issuing of licences is the Minister of Transport. His powers affect the Commissioners at three points. First in his appellate capacity he may make an order on the Commissioners requiring them to modify a decision they have made in the particular case under Appeal. Secondly, the Commissioners must act under his general direction, in other words, the Minister may direct the Commissioners’ attention to certain general matters which he considers they should, at their discretion, take into account when considering applications for licences. Thirdly, there are certain matters under the Act on which the Minister may issue regulations, such as

<sup>1</sup> Section 72 (3).

<sup>2</sup> Section 72 (4).

the number of passengers which may be carried on a public service vehicle.

There are thus two kinds of decision affecting road services. First, there are the decisions of the Traffic Commissioners on applications for road service licences and for variations of such licences. Secondly, there are the decisions of the Minister of Transport made on Appeals against the decisions of the Traffic Commissioners.

The Traffic Commissioners' decisions are given in the Traffic Court either immediately at the end of the hearing or after a period of time has elapsed to allow further consideration of the evidence. The hearing and the decision are recorded by shorthand writers. The shorthand notes are the property of a private firm of specialised shorthand writers with whom arrangements have been made by the Commissioners. Whether these shorthand proceedings are transcribed depends on whether a manuscript is ordered. They are mainly transcribed for Appeal cases when a copy of the transcript must be sent to the Minister of Transport. Apart from Appeal cases they are only transcribed by request; the railway companies and the large associated companies are usually the only regular purchasers of transcripts, and even they order the proceedings only for the cases most important to them. The Traffic Commissioners order transcripts only for Appeal cases and for a few of their more important decisions. There thus exists no regular, full and easily accessible account of the proceedings. This is largely due to the expense involved. The standard charge for transcription is 6*d.* per folio of 72 words. Many of the proceedings recorded are unimportant. Folio after folio may be taken up with unimportant haggings or misunderstandings. Obviously, however, the deciding of what is vital cannot be left to a shorthand writer, so he must report the whole proceedings.

These transcripts contain the evidence brought forward in support of the application, the objections thereto, and the Commissioners' decisions. The decisions may be merely formal or the reasons may be set forth. Some Commissioners make a practice of giving reasons in all cases; others give reasons only in what they consider to be the more important or possibly less self-evident cases. There is no legal obligation to give reasoned decisions. Where no reason is given the transcripts are only important for the evidence and for any chance remarks or dicta

made by the Commissioners. If the decision is merely formal the transcript may often be unnecessary because the Commissioners for each Area issue every week a booklet entitled *Notices and Proceedings*. Apart from general or special announcements this booklet has three main parts.

Part I. Applications received for Road Service Licences.

Part II. Notices of Public Sittings and Applications to be heard thereat.

Part III. Decisions.

Part III merely gives the formal decisions of the Commissioners, no reasons ever being printed. In every case the name of the applicant and a general statement of the nature of the application is given along with the number and date of the *Notices and Proceedings* in which the application was notified as being received. In addition, when the application has been granted, the conditions attached to the licence are set forth, e.g. period of operation, maximum number of vehicles or vehicle journeys and sometimes the fares and times of running. With regard to the publication of the conditions practice varies and frequently the significance of the decision can only be understood by comparing it with the application as set out in a previous issue of the *Notices*.

The decisions given by the Minister of Transport are now more accessible than formerly. There are five types of document involved in every Appeal case. First, there is the transcript of the proceedings at the hearing of the application. Secondly, there is the Appellant's petition setting forth the reasons why he considers himself aggrieved. Thirdly, there are the observations of the Commissioners on these reasons. The second and third type of document, therefore, represents broadly the for and against of the case. Fourthly, there is the Report of the Minister's representative who holds the Appeal Inquiry in which he weighs the evidence on both sides, and gives his conclusions and the reasons for them. Finally, there is the Ministry of Transport's letter to the Commissioners and the parties concerned in which the Minister gives his decision.<sup>1</sup>

<sup>1</sup> Where this decision is against the Commissioners the Minister makes an Order on them in which he directs them to amend their decision in the manner set out in the Order. These Road Service Licences (Appeals) Orders are numbered consecutively, each year starting a new series.

The procedure regarding publication of these last two documents has undergone certain changes. By the procedure adopted for the early decisions, the Report of the representative was kept secret and the Minister's letter confined, with one or two exceptions, to the bare decisions. Gradually, however, partly as a result of dissatisfaction with this procedure, and partly as a result of the growing importance of cases, the Minister's letter became more expansive and frequently contained comment on the case and on the decision. As a result of further agitation a new policy was adopted for all cases heard after October 1, 1933. The Report may now be examined by persons interested and a copy of it purchased at the rate of 4*d.* per folio of 72 words. The Minister's letter, as a consequence, has largely reverted to a bare statement of the decision. Where, however, the Minister does not agree with his representative's recommendations or reasons, he states the grounds for his dissent.

In addition to these various sources of actual proceedings and decisions there is a certain amount of data available in the Annual Reports made to the Minister by the Commissioners of each Area. Their value is very mixed, little reference being made to actual decisions, although in some instances the Commissioners make valuable statements on their experience in regard to certain questions.

A source of unofficial information is provided by the technical press which gives brief reports of sundry decisions and happenings in various Areas. These are by no means comprehensive and no attempt is made to cover all the proceedings. The local newspapers generally report cases of local interest. In general, however, while press reports cover some of the more interesting decisions, they tend to be confined to the more sensational.

The decisions of the Commissioners, while numerically greater than the Minister's, are of less value for showing trends of policy. The Minister's decisions are likely to be more important for two reasons. First, they involve the more fundamental issues. It is seldom that there are not contending parties to an application before the Commissioners. Therefore every decision involving vital questions will be fought on Appeal by whichever of the parties feels aggrieved. Secondly, these Appeal decisions constitute a growing body of precedent for the Commissioners. They are not legally binding on any Commissioners



other than those against whom the Appeal is lodged, and then only in respect of the particular case in question. They are, however, made of universal application by the fact that if a case arose which was similar to one already decided by the Minister and the Commissioners gave a different decision the party aggrieved, knowing that the Minister's previous decision favoured him, would probably appeal. Providing that the case was similar in every respect to the one previously decided, the Minister would give his decision against the Commissioners.

## CHAPTER XI

### STATUTORY CONTROL OF ROAD SERVICES (*continued*)—PRINCIPLES

IN this chapter an attempt will be made to show the main tendencies in the decisions of the Traffic Commissioners and the Minister of Transport. These salient features have been stated in the form of principles, but it must be stressed that both the Commissioners and the Minister have steadfastly refused to lay down any general principles as to when a road service licence should be granted. They have undoubtedly felt that to do so would considerably restrict their discretion and that this discretion is extremely valuable in view of the wide diversity of circumstances between the different applications and in view of the difficulties inherent in applying any rigid principles to an industry which had had such a rapid and tumultuous growth during the years preceding the imposition of control. This refusal to lay down general principles was stated by the Minister in a decision which, though referring to a special aspect of control (protection of local services) may, nevertheless, be taken as typical of his attitude in this matter. "It appears to the Minister that the circumstances of individual services differ so widely that it is not desirable, or even practicable, for him to formulate any rules or conditions that could be of universal application. It is clearly a matter for the Traffic Commissioners in the first place to consider each case on its merits and to arrive at the decision which appears to them proper in the particular circumstances."<sup>1</sup> If, therefore, the word "principles" is used to cover the salient features of these decisions it must be realised that it does not refer to stated principles. Nevertheless, in so far as all the decisions can be explained in the light of certain criteria they may to that extent be said to constitute "principles."

<sup>1</sup> Birmingham and Midland Motor Omnibus Co., Ltd., *re* Leicester Corporation, R.V. 12454, October, 1931. Cf. also Nottinghamshire and Derbyshire Traction Co., R.V.A. 2453, November, 1933: "the Minister cannot accept the suggestion that a general principle has been laid down . . ."

Three principles or criteria may be discerned in the decisions of the Minister and the Commissioners: Priority; Protection; and Public Need.

### THE PRINCIPLE OF PRIORITY

The Road Traffic Act, 1930, directs the attention of the Commissioners to "the elimination of unnecessary services," when considering applications for road service licences. The first year of the licensing system showed that the total applications, if granted, would generally have been in excess of the public need. Some criterion was therefore required as to which applications were to be refused or as to how the service was to be apportioned among the contending applicants. The Commissioners turned to the fairly obvious criterion—priority in point of time. What was the history of each of the applicants in regard to the particular service? This main question really divided itself into two: what length of period had each applicant been operating the service in question and in what manner had he been operating it?

There was no simple relationship between period of operation and success in obtaining a licence, though as the length of time which the applicant had operated the service increased so did his *prima facie* case for the grant of the licence increase. There was not, however, any minimum period of operation which ensured the application being granted. During the months preceding the licensing date a certain amount of "claim-jumping" took place; operators commenced to run on a route, even though it was already well served, in order to justify their claim to a road service licence. It was impossible to fix a date<sup>1</sup> and to give no operator the right to claim for services commenced after that date. On the one hand, such a date would have given an element of official sanction to services started before that date and, on the other, services started after that date might have been necessary developments. The

<sup>1</sup> As a means of easing the transition to the new system operators who made applications to the Commissioners before March 31, 1931, were allowed to continue operating the services they operated at February 9, 1931, or in the case of seasonal services such services as they operated in the corresponding period of the year ending April 1, 1931. (Public Service Vehicle (Transitory Provisions) (No. 2) Order, 1931, S.R. and O., No. 148.) These transitional provisions, however, continued only until the application for the service had been heard and decided by the Commissioners.

Commissioners had therefore to use special discretion where the service had been started within the year preceding their coming into office.

The Minister's attitude on the point may be seen in the Directions he issued on March 20, 1931, to the Metropolitan Commissioner. With regard to claims for licences based on the applicant having run the service in the past, the Minister directed that the Commissioner should also consider "the extent to which these services have been started or developed after the warnings<sup>1</sup> given by the Minister from time to time that the Traffic Commissioners could not be bound by the action of licensing authorities or of operators of public service vehicles in the past, and least of all as regards licences to ply for hire which were issued or services which had been established during the months elapsing between the introduction of the Bill and the date on which Part IV of the Act becomes fully operative."

The second question was important in that the answer to it threw further light on the suitability of the various applicants. Length of period of operation was unsatisfactory as the sole criterion where the applicants had been operating under different conditions. It was generally necessary to know whether the applicant had run the service legally, regularly and satisfactorily in the past.

Where, for example, the local authority had exercised its licensing powers, the operator who had been licensed to ply for hire in the area had a stronger case than the operator who, though not licensed, had operated without authority. If any weeding out was required, this fact was taken into account by the Commissioners.

The factors of regular and satisfactory running were to a large extent bound up with each other. They involved consideration, for example, of whether the applicant had run only in order to take advantage of the peak traffic or whether he had also considered the public who desired to travel other than at peak hours and whether his running had been sporadic and unreliable. Such questions as these were of supreme importance when the application was for a stage or express licence. With regard to excursions and tours, the question of regularity would hardly arise though

<sup>1</sup> The Minister uttered his first warning on the third reading of the Road Traffic Bill (*Hansard*, Vol. 241, C. 2106, July 22, 1930). In view of the number of new services being started, apparently with the object of establishing a claim, the Minister repeated this warning in a notice to the Press (September 27, 1930).

the extent to which the excursions applied for had been operated previously was frequently taken into account.

Where there was little to choose between the histories of the different applicants for the particular service in question, or where, on the grounds of expediency, a clear-cut decision could not be made, it was still possible to appeal to the past as a basis for the allocation. The service was in these cases generally apportioned between the approved applicants on the basis of the number of vehicle journeys<sup>1</sup> each had run on the service during some such datum period as 1930. The Commissioners would direct or encourage the applicants to agree on a co-ordinated time-table. Each applicant would then be licensed and held responsible for his portion of the co-ordinated service.

The appeal to history did not always involve the refusal or granting of the application ; more frequently it involved the extent to which the application should be granted, e.g. the number of journeys the applicant should be allowed to make on the particular service. In making their decision on this point the Commissioners generally took into consideration the traffic figures of the service for the year ended December 31, 1930, or March 31, 1931. This was the main datum period in use and, generally speaking, the licence confined the applicant to a service which just covered his 1930 traffic. The reason for this was to some extent a matter of administration. The Commissioners were faced with the difficult task of making decisions on thousands of applications. To carry out this task properly involved a comprehensive knowledge of the traffic demands and facilities in their area, and this knowledge could come only as a result of reviewing all the applications. In the meantime, licences had to be granted as quickly as possible and at least before the end of the licensing year. The danger as the Commissioners saw it was not a dearth but a superfluity of services. To grant in full applications which involved increases in the extent of the service over 1930 would generally have meant that the surplus would be increased and that the increase would be at the expense of another operator whose applications may or may not have been considered at that date. Stabilisation on some definite basis was, therefore, considered to be a necessary preliminary which would enable

<sup>1</sup> Vehicle journeys in preference to passengers carried because the latter would give an undesirable weight to operators who had only run at peak periods.

the traffic knowledge of the Commissioners to catch up with the situation. Unless, therefore, the circumstances were exceptional, the Commissioners gave considerable weight to the datum period in fixing the extent of the services sanctioned.

Now that the first applications have been decided and most of the early weeding out has taken place, the principle of priority has decreased in importance. Nevertheless, it is still important when applications for additional services are under consideration, especially where these are additional in the sense that they may be reasonably conceived as being extensions or variations of existing services. Priority in this respect means that the existing operator or operators will normally be given the preference to operate these new services.

There have been very few Appeal cases of any importance which involved this first criterion, mainly because it was acceptable to the general body of operators and also did not greatly concern the railways. The Minister of Transport's most general statement was when, in discussing the various ways in which a certain Appeal could be considered, he said, "where wasteful competition has necessitated 'rationing' they (the Traffic Commissioners) have properly had some regard to the past history of operation on the road,"<sup>1</sup> though in the same letter he later went on to say that while taking history into account the Appeal did not necessarily fall to be decided on historical grounds.

The strength of the preference given to the existing operator may be seen most clearly in certain Appeals by local authorities against the refusal of the Commissioners to grant their applications to operate new services. Local authorities in these cases claimed the right to operate services within their area. The acceptance of this claim would, it was argued, injure the existing operator because, as is the position in many towns, the best routes are already adequately served by omnibuses. The Minister has upheld the Commissioner's decisions in at least three cases which involved this viewpoint.<sup>2</sup> In one of these cases, Lowestoft Corporation made a strong plea that if the Appeal was not

<sup>1</sup> Ennis & Reed, Ltd., R.V.A. 2047, May, 1933.

<sup>2</sup> Eastbourne Corporation (Beachy Head Appeal), R.V.A. 1969/70, April, 1933. Grimsby Corporation, R.V.A. 1976, December, 1932, and Lowestoft Corporation, R.V.A. 2636, March, 1934. Cf. also Portsmouth Corporation application before the South-Eastern Traffic Commissioners in 1932, which did not go to Appeal.

allowed they would be permanently debarred from establishing any new service because it was impossible to devise one which did not run over or was not parallel to a service of the Eastern Counties Omnibus Co., Ltd. The Commissioners in their observations on this Appeal found the present services adequate and added that even "if justification had been or may in future be shown for intensification of the services, the operators at present serving the route should be afforded the first opportunity of providing an amplified service." The Minister upheld the Commissioners' refusal to grant the Corporation a new licence.

An important aspect of this prior claim of the existing operator relates to the efficient and satisfactory nature of his service. There is some evidence to support the view that the existing operator will only be given priority providing his services are satisfactory. It is noticeable, for example, that in none of the local authority cases did the Appellant contend that the existing operators were anything but efficient. The Minister in at least two cases has shown that he is prepared to support the Commissioners in their licensing of a new operator if the existing operator is unsatisfactory.

In the first case, an operator named Shuker applied to the West Midland Commissioners to run a service, even though there was already an operator named Homer on the route. Shuker's application was supported by a petition of 60 people who were unwilling to travel on Homer's service because they considered it to be unreliable and dangerous. These 60 people, mostly miners, were actually walking rather than ride on Homer's vehicle. The Commissioners granted the application but restricted it to the 60 named passengers. On appeal by Homer the Minister upheld the Commissioners' decision though "with great hesitation."<sup>1</sup>

The second case also concerned a miners' service. The Northern Commissioners granted a stage-carriage licence to the Thrislington Miners' Lodge to operate a workman's service between West Carnforth and the Garmondsway Shaft. A firm of operators was already serving the route, but the miners had become dissatisfied with that service. In their observations on the Appeal the Commissioners did not dispute that the doubling of the existing service made it unremunerative, but reminded the firm "that had the service been satisfactorily operated whilst it was solely in

<sup>1</sup> B. Homer, R.V.A. 2420, October, 1933.

their hands, no question of 'doubling it' would doubtless have arisen." The Minister dismissed the Appeal.<sup>1</sup>

Under the heading of satisfaction comes the question of whether the operator has run the service strictly in accordance with his licence. The Commissioners take a serious view of any unauthorised departures from the terms of the licence and they may revoke any road service licence on this account. Revocation is, however, a serious step which the Commissioners do not take unless the breach is very serious or repeated. But the breach is taken into account if the operator concerned applies for any additional services. The Yorkshire Commissioners, for example, refused an operator certain extensions of his licence. The operator had already been twice prosecuted successfully for breaches of his licence and the Commissioners took this into account. They observed that the operator was "not fit to take on any additional responsibilities as a public service vehicle operator until he has shown that he is capable of operating his existing service according to the conditions of his licence." The Minister dismissed the Appeal.<sup>2</sup>

The adequacy of the services being provided by the existing operator is also an important consideration. Where such services, however, are proved inadequate even by a new applicant the Commissioners will generally give the existing operator the opportunity to extend his present services. A case<sup>3</sup> bearing on this point occurred in the Southern Scotland Area where an operator applied for a stage-carriage licence on the ground that the present 30-minute service was inadequate and delay and overcrowding took place. The Commissioners were satisfied that "... while the existing service was overtaxed upon certain occasions during the limited holiday peak period, this in itself was not sufficient to warrant an additional service to the extent proposed . . ." and, "Should it ever become necessary to provide a regular service . . . the Commissioners in the first instance would propose that the present operators on the route should provide it." The Minister's representative commented that "Instances of inconvenience and annoyance, particularly at the busiest periods of the holiday season, are inevitable in connection with transport facilities," but considered there was no evidence of general

<sup>1</sup> T. & S. Blenkinsop, R.V.A. 2536, January, 1934.

<sup>2</sup> Yorkshire Stage Carriage Operators Association *re* T. W. Hollings, R.V.A. 2594, March, 1934.

<sup>3</sup> A. & J. Bell, R.V.A. 2931, December, 1934.



overcrowding or of complaints either in the press or by letters to the operator. The Minister dismissed the Appeal. In another case<sup>1</sup> the North-Western Commissioners licensed an operator to run a service which was to some extent a variation and extension of the service of an existing operator. In their observations the Commissioners said that the existing operator did not show willingness but argued instead that there was no demand; they found the demand proved and licensed the applicant. The Minister on Appeal ordered the Commissioners to revoke the licence and in doing so must be considered to have agreed with his representative's reported conclusions that "if an additional or altered service be desirable to serve the district I think that the licence should be given to the Appellants, who already have services on the greater part of the route—one of which is said to be unremunerative."

A peculiar extension of this principle of priority, so that indirectly it embraced railway transport, is of sufficient interest to warrant mention here. It arose in a case<sup>2</sup> where a railway company opposed the application of a motor-coach operator to run certain "all-in" tours. The Chairman of the North-Western Commissioners in criticising the railway objection as an abuse of locus said, "The railways are newcomers in this special form of transport introduced, fostered, and developed by the coach industry. I wonder what sort of chance the railways would have of getting permission for such tours if they had to come before the Commissioners. Any developments should go to the industry that introduced the service and fostered it."

#### THE PRINCIPLE OF PROTECTION

The second criterion to be found in the decisions of the Minister and Commissioners is "protection." This is much

<sup>1</sup> North-Western Road Car Co., Ltd., *re* E. J. Bostock, R.V.A. 2607, May, 1934.

<sup>2</sup> Y. Helliwell & Sons, Ltd. Application before the North-Western Traffic Commissioners at Manchester, December 3, 1934. Reported *Manchester Guardian*, December 4, 1934. An example of the reverse attitude is the case of H. E. Jones (Liverpool-London), Ltd., R.V.A. 2109, June, 1933, in which the Minister pointed out "... the Railway Company have granted cheap fares for ships' crews for some 35 years and that the practice has not been brought about by the advent of motor traffic. The Minister has found no evidence that the existing facilities are inadequate for the needs of this traffic, or that the existing rates are, in the circumstances, unreasonably high." He, therefore, upheld the Metropolitan Commissioner who had refused to grant a backing for a service of express carriages at special cheap fares for ships' crews between Liverpool and London.

more comprehensive than that of "priority" and may be best considered in its two broad aspects: (I) protection as between the different types of road services and (II) protection as between road services and alternative forms of transport.

*I. Protection as applying between Different Types of Road Services.*

In its first aspect the principle manifests itself in two directions. First, there is protection usually afforded to local services as against distance services. The form of protection given is seldom to be found in the refusal of an application to run the distance service; generally the licence will be granted, but with certain restrictive conditions attached to it. The most usual of these conditions are:

- (1) Prohibiting the distance carriage from picking up and setting down the same passenger on the route of the local service.<sup>1</sup>

This restriction only allows a passenger to be picked up on the outward journey if he is being carried to a point beyond the finish of the local service or alternatively to be set down on the inward journey if he has travelled from a point beyond the commencement of the local service. A wider form of this is to extend the prohibition for a certain distance from the route, usually 440 yards from any point.

The method to be effective must also be applied to cover Season Tickets issued for a wider area than the local service in question. The form it takes may be seen in the Appeal of the Eastern Counties Omnibus Co., Ltd., and the Minister's decision thereon.<sup>2</sup> The facts were briefly these. In allowing the use of Season Tickets on the services of the Eastern Counties Omnibus Co., Ltd., the Eastern Area Traffic Commissioners attached two special conditions. Condition B read as follows:

"No passenger holding a Season Ticket shall

<sup>1</sup> For the important Leicester case dealing with this kind of protection and with the whole question of the protection of local services, see pages 129-30.

<sup>2</sup> R.V.A. 2281, October, 1933.

be taken up within a borough served by a municipal or statutory undertaking for setting down on the same journey within that borough.”

The Company contended (*inter alia*) that this condition would confer a new form of protection and would deprive the public of a facility which is an inherent feature of Season Tickets. In reply, the Commissioners observed (*inter alia*) that they were impelled to make stipulations with the object of ensuring that the unlimited travel ticket should not be used as a substitute for a single-journey ticket which would otherwise be taken upon local stage-carriage services provided for the purpose. In his decision the Minister did not accept the contention that it is an inherent feature of season tickets, authorising unlimited travel from one point to another, that they should also authorise journeys intermediate between these points. He agreed with the Commissioners “that where an adequate case is made out for the protection of local services, due regard to this consideration must be had in determining the conditions under which tickets other than single-journey tickets are allowed to be issued no less than in the case of single-journey tickets.” He disagreed, however, with the general nature of the condition, i.e. as applying to all routes, and made an Order on the Commissioners limiting Condition B to those routes upon which the appellant’s single fares were the subject of some protective restriction.

- (2) Fixing the minimum fare for the local portion of the distance service so that it is higher than the maximum fare on the local service.<sup>1</sup>

This condition does not directly prohibit people using the distance service as an alternative to the local service. In practice, however, the difference between the two fares is such as to give the

<sup>1</sup> Where there are season tickets available on the distance service the fare protection is made applicable to them also. Cf. Appeal by Middlesbrough Corporation and Tees-side Railless Traction Board in which the Minister stated, “Failing agreement, the Commissioners themselves should fix the contract ticket rates for the other operators at such a level as will not render nugatory the conditions in respect of fares which have already been imposed for the protection of the services provided by the Corporation and by the Railless Traction Board.” R.V. 13140, March, 1932.

local service effective protection, the only people travelling on the alternative service being either not aware of the condition or in a considerable hurry.

- (3) Fixing the fares on the distance service so that stage for stage they are higher than the fares on the local service.

This condition is most usual for the protection of tramway and trackless trolley services but it is also in use to protect local bus services where these are still bearing the unextinguished debt of the tramways for which they have been substituted.<sup>1</sup> The protection given may be  $\frac{1}{2}d.$  or  $1d.$  per stage, but usually to be effective it is somewhat higher.

Secondly, the protection of road services takes the form of protecting regular services from irregular or seasonal services and is generally concerned with the relationship between ordinary express and excursion and tours licences because the former place the operator under the obligation to run a service at the times and days stated in the licence, whilst the latter allow him to run (with certain restrictions) as and when he likes. Here again, as in the case of local services, the protection generally takes the form of restrictive conditions attached to the road service licence.

The following are the main types of restrictive conditions to be found attached to the licences for excursions and tours with a view to protecting the regular operator.

- (1) Limitation on the number of vehicles that can be used for excursion work on any one day.

This may take either of two forms: either one limitation may cover all the excursions scheduled to the licence or else a separate limitation is stated for each excursion. Even with the first form, however, there is invariably some limitation on the maximum number of vehicles which can be operated on any one particular excursion. The limitation is generally based on the number of vehicles owned by the operator, or if he also ope-

<sup>1</sup> Cf. Halifax Joint Committee, R.V.A. 2187, November, 1933: "the Minister has come to the conclusion that the operation by the Joint Committee of omnibus services on the routes in question may properly be regarded as in substitution for the Corporation Tramways and that these omnibus services should be protected over the whole length of the tramway routes."

rates regular services such number of vehicles which the Commissioners consider are not required to cater for these regular services. Frequently the limitation is based upon the history of the service in the previous year. This limitation applies to normal periods and some duplication is usually allowed during peak periods; for example, the North-Western Commissioners allow 50 per cent duplication on Saturdays and Sundays and 100 per cent duplication during the local Wakes week and Bank Holidays.

- (2) Limitation on the number of vehicle journeys which can be run during the year on any one excursion.

The limitation is to a large extent based on the history of the service<sup>1</sup> and its use is so obvious as to require no further explanation. Another form of this restriction is a limitation on the number of days per week on which the excursion may run; the days are usually specified, otherwise there is difficulty in checking the operator.

- (3) Limitation on the time of the day at which the excursion may run.

In this condition an attempt is made to prevent the excursion operator from running just at the express operator's peak period. It is sometimes stipulated, for example, that all full-day excursions should start before 8.30 and not return before 6.30, and that half-day excursions should not start before 2.30.

- (4) Limitation on the type of passengers which may be carried.

Standard condition Number 10 for excursions and tours states that, except for tours lasting for more than one day, "the holder of the licence shall charge only day-return fares and no passenger shall be carried on the return journey other than a passenger who on the same day has travelled on the outward journey on a vehicle operated by the holder of the licence under the licence."

The reason for the restriction is that excursions

<sup>1</sup> In the North-Western Area as a result of a decision of the Minister of Transport, the operators in the Manchester Association are limited on most of the more important excursions to the average number of vehicle journeys run to each destination during 1930 and 1931. R.V.A. 1771, January, 1933. Road Service Licences (Appeals) Order (No. 9), 1933.

cater essentially for the day-return passenger. Their irregular nature prevents the single or period-return passenger from being able to rely on the service and therefore if any such passengers do travel on an excursion service they are catch traffic which, so the Commissioners hold, should belong to the regular operator.<sup>1</sup>

Though this is a standard condition it has been varied in the North-Western Area so as to be more suitable to local conditions. Here the Lancashire institution of "Wakes" week, which is the accepted holiday period for the town, has made it necessary for excursion operators to be able to book period returns during that week. Further, many excursion operators in the area of the Manchester Association may book period returns throughout the year, but here there is a restriction on the number of vehicle journeys which can be run on any service.<sup>2</sup> No single tickets may be booked in either case.

A condition restricting the carrying of passengers at single fares is sometimes found attached to services operating under express licences, but which, if only by the infrequency of their running, are more akin to excursions. The reason for this position in the Metropolitan Area was clearly explained by the Metropolitan Commissioner in his observations on an Appeal.<sup>3</sup> He observed: ". . . operators who were unable to undertake the obligation of operating a daily service were only granted express licences in order to permit them to retain their period-return passengers. . . . It has, however, been necessary to ensure that such operators should not render unremunerative the daily express services which are required to meet public need, and in order to effect proper co-

<sup>1</sup> In reply to the protest of the Motor Hirers and Coach Services Association, Ltd., the Minister stated (April, 1932), "it is generally agreed that for most excursions and tours the day-return ticket is the only appropriate ticket to be issued in order that the operators of these services may not compete unfairly with the operators of regular express services."

<sup>2</sup> The popularity of Blackpool also is a reason for this departure, for during holiday periods the demand is so steady as to make it profitable for the excursion operator to run daily.

<sup>3</sup> H. J. Phillips & Sons, Ltd., R.V.A. 2735, July, 1934.

ordination of such services it was decided that the charging of single fares should generally be authorised only on express services which are operated daily during the full effective summer season . . . unless there are special circumstances rendering it advisable that the operator should be authorised to issue single-fare tickets, such as the absence of convenient alternative facilities, or if the applicant had for a number of years been in the habit of carrying a considerable proportion of passengers at single-fare tickets."

In the South-Eastern Area peculiar circumstances have caused the Commissioners to attach conditions to the express licences of a number of operators, running from London to such places as Brighton and Bognor on the coast, preventing these operators from carrying any passengers from the coast other than those whose outward journey originated in London. The circumstances are that certain London operators, finding that there was sufficient summer demand to allow them to run one service daily to the coast and back, obtained an express licence for the seasonal period. Primarily they catered for London people who travelled down on the morning coach and returned home either on the same coach in the evening or on some subsequent evening. Whenever possible and convenient they carried from the coast a few passengers who were either residents there or who had travelled down in a different manner. There is, however, firmly established at the coast the Southdown Motor Services, Ltd., operating a fleet of about 600 vehicles with regular all-the-year-round express services from the coast to London. This company claimed protection from the seasonal London operators and the Commissioners granted it by attaching the restrictions mentioned above.

There have been a number of Appeals fought on these South-Eastern Area restrictions. The Minister in his decisions has tended to stress the length of the period during which the service is operated. He has, however, pointed out that there are numerous intermediate points between the two extremes of a whole-year-round daily

service and the occasional excursion. A difficulty arises where the service is operated during some six months of the year, and in such cases the Minister has directed the Commissioners to have regard to certain other matters before deciding whether the service should have the full ticket facilities usually afforded to express services. The other matters to be considered are—alternative facilities; frequency and convenience of timings; organisation available at terminals; possible necessity of duplication of vehicles and facilities therefor; amount of difference between single and return fare; previous history of the service; special local conditions. "Where," he says, "the arguments for and against restriction are nicely balanced, they (the Commissioners) will doubtless be more ready to allow freedom from restriction in the case of services run daily for a full six-monthly period than in the case of services run for shorter periods."<sup>1</sup> More recently a modification of the restriction on the issue of single tickets on certain services has been made by the South-Eastern Commissioners.<sup>2</sup> Single tickets may be issued for the journey to the coast, but single tickets for the reverse journey may only be issued subject to three conditions: (i) The ticket shall only be issued by post from the head office in London of the licensee and after payment therefor has been received at that office. (ii) The ticket shall be issued direct to the person desiring to use it and not through an agent. (iii) The ticket shall bear on it before issue the date for which it is available.

- (5) Limitation on the types of occasion on which the excursion may be run.

This, in the main, only applies to excursions running to places which normally are non-seasonal. The demand for travel to industrial towns, for

<sup>1</sup> Southdown Appeal, R.V.A. 2242, September, 1933. See also Appeal by Timperley and Sons and others, R.V.A. 1908, June, 1933, which, though referring to the North-Western Area, involved this point. The first Appeal decision on this point was in *Venture Transport (Hendon), Ltd.*, R.V. 12758, April, 1932. There have since been a number of Appeals which have, however, not resulted in any new or additional rulings.

<sup>2</sup> January, 1935. Applications by United Service Transport Co. and others.



example, is of a fairly regular daily character and there is little or no scope for an excursion service which caters primarily for irregular or seasonal traffic. Nevertheless, there are special occasions, such as football matches, races and exhibitions, when a town does attract a considerable number of people who do not ordinarily travel to that place. The Commissioners have recognised the peculiarities of the demand for travel on these special occasions by allowing the operator to run an excursion to the town but restricting it to the special occasions. They have, however, been very strict in applications of this nature and even where they have granted the licence they have also tended to attach a fairly restrictive maximum to the number of times such excursion can be operated.

- (6) Fixing the excursion fare so as to safeguard the regular service.

In the majority of cases the excursion fare is the same as the express day-return fare but cheaper half-day and evening excursion fares are allowed. In general the Commissioners will not sanction excursion fares which they consider to be undercutting the fares on the regular service.

A case arose very early in which this aspect of protection was involved. An operator ran "round-about excursions" from the sea-front at Hove. This service brought him to some extent in competition with regular stage-carriage services. The South-Eastern Commissioners fixed a minimum return fare of 1s. 6d. against which the operator appealed. The Minister upheld the Appeal to the extent of ordering the Commissioners to vary the fare condition "in such a manner as to fix for each of the four said excursions and tours a minimum return fare (not being less than one shilling) as near as may be equal to the return fare charged to passengers making the same or a closely comparable journey by a service of stage-carriages. . . ." <sup>1</sup>

<sup>1</sup> T. W. Dickerson, R.V. 12694, October, 1931; cf. also Violet Motor Services, R.V. 12404, October, 1931. In an Appeal on this point by the Thames Valley Traction Co., Ltd., R.V.A. 2186, August, 1933, the Minister stated that local circumstances differ so greatly that he was not prepared to lay down any rule that excursion fares should necessarily be equal to those approved for scheduled services.

While the protection of regular bus services is to be found mainly in the conditions attached to the licences of irregular services there are a number of occasions on which it has resulted in an application being refused. For example, the Colwyn Bay U.D.C. applied to run a stage-carriage service between Colwyn Bay and Bryn-y-Maen. Apart from a few days in April they proposed to operate the service only during June to September. Another operator (W. & O. Roberts) had since 1928 been running an all-the-year-round service connecting these two places; there was, however, a difference of about half a mile between the starting-points of the proposed and the existing services. The application was refused, the refusal being upheld on Appeal. The Commissioners supported their decision by a number of reasons, the most interesting from the present point of view being :

- “ that the proposed service would detrimentally affect Messrs. Roberts’s service . . .
- “ that the proposed service is for the summer season only, whereas Messrs. Roberts operate all the year and the public depend upon those facilities.”<sup>1</sup>

Another interesting case was an Appeal against the refusal of the Metropolitan Commissioner to allow an excursion to be run from Ottershaw (Surrey) to Olympia (London). In his observations on the Appeal the Commissioner stated :

“ The regular road and rail services must be maintained throughout the year, and it has been necessary for me to guard against the danger of their being deprived, by the numerous excursions for particular events in London, of the profit to be derived from carrying passengers for such events. Such profit is a very material consideration in the maintenance of a daily service.”<sup>2</sup> The Appeal was disallowed.

## *II. Protection of Alternative Forms of Transport.*

Section 72 of the Road Traffic Act, 1930, directs the attention of the Commissioners to a consideration of the supply of the alternative forms of transport when deciding an application for a road service licence.

The main alternative forms of public passenger transport

<sup>1</sup> Colwyn Bay U.D.C., R.V.A. 2373, August, 1933.

<sup>2</sup> W. S. Hunt, R.V.A. 2150, August, 1933.

are tramways, trackless trolleys and railways.<sup>1</sup> The first two forms are almost identical in characteristics and therefore an analysis of the manner in which protection has been applied can be considered under two broad heads.

(1) *Tramways and Trackless Trolleys.*

A salient characteristic of tramway and trackless trolley operation in this country is their local nature; practically without exception they provide local urban services. Protection of them therefore presents almost similar features to those already dealt with in connection with the protection of local bus services; the prohibition of picking up and setting down the same passenger along the tramway route and the higher fare protection have both been adopted. It must, however, be especially noticed that in the case of tramways and trackless trolleys the protection is not merely from distance services but even more from local bus services. The position may, therefore, arise, and does arise in practice, in which a distance bus service is under restriction in order to protect the local bus service which in turn is restricted in order to protect the tramway service.

The earliest and, at the same time, the most important Appeal in which the whole question of the protection of local services was considered was the Leicester case.<sup>2</sup> The Birmingham and Midland Motor Omnibus Co., Ltd., was granted a number of road service licences to operate in or through the city of Leicester. Attached to these licences was the condition, to quote the actual words used: "The operator shall not be allowed to pick up or set down the same passenger or passengers within the City boundary nor on any roads served by the Leicester Corporation Omnibus Service nor anywhere within 440 yards of any point on any road traversed or used by a service of the Corporation."

<sup>1</sup> The transport facilities offered by taxis, ferries and even airways may be considered as alternative to road transport in some circumstances. Cf. Manchester and Salford Owner Drivers Association, R.V.A. 2397, October, 1933, where a taxi-cab owners' association appealed unsuccessfully against the grant of a licence to the Manchester Corporation to run a special service of buses between the main stations. The renewal of the road service licence, however, was refused at a later date.

<sup>2</sup> Birmingham and Midland Motor Omnibus Co., Ltd., *re* Leicester Corporation, R.V. 12454, October, 1931. Protection by the methods already mentioned was in practice before 1930. Cf. First Interim Report of the Departmental Committee on the Licensing and Regulation of Public Service Vehicles, 1925, pp. 31-2, for a discussion of the question. Also cf. *R. v. Minister of Transport, ex parte H.C. Motor Works, Ltd.* (1927), 2 K.B. 401.

The Appeal was to some extent regarded as a test case and the Minister was asked to express his views on two general questions. He refused to lay down any general principles, but he was "disposed" to certain conclusions. These conclusions have, in view of their importance, been reproduced in full under their appropriate question.

- (i) In what circumstances can an efficient and adequate road service, or system of road services, be properly given, in the public interest, some degree of protection against wasteful competition?

"A well organised and properly co-ordinated system of road transport which serves all the local needs of the community and which provides services on unremunerative as well as on remunerative routes, may, as contemplated by the Act, in certain circumstances and consistently with the public interest, be entitled to some form of protection from competition on the part of services which extend outside the area served by the local system. The existence of tramway and trolley vehicle services, which may be rendered unremunerative by unrestricted competition on the part of omnibuses, is one of the considerations which in many cases need to be taken into account."

- (ii) Should some degree of protection be justified, what form can it best take?

"No formula can be devised which would be universally applicable. Where some form of protection is considered necessary it can usually take one or other of two forms—(a) protective fares . . . (b) prohibition of both picking up and setting down the same passenger along a certain route or within a certain area. There are no doubt cases where the second . . . provides the only or the most effective remedy. On the other hand, the first alternative, generally speaking, is the easier of application and enforcement and is less likely to cause inconvenience to the travelling public."

Apart from his general remarks, the Minister considered the condition to be too restrictive and made an Order on the East Midland Commissioners requiring them to modify the condition to read "the operator shall not be allowed to pick up and set down the same passenger or passengers on such

portion of the route as lies within 440 yards of any point on any road traversed or used by a service of the Corporation.”

The guarded and carefully worded nature of the Minister's statement shows that local transport systems cannot demand protection as a prescriptive right and that there is a limit to the protection which may be given them. Another Appeal decision may be quoted in support of this statement. Manchester Corporation appealed<sup>1</sup> against the granting of a licence allowing A. Mayne & Co. to operate a service between Manchester and Droylsden on the grounds that their tramway between the two places was not receiving adequate protection. The tram services were already protected to the extent that Mayne was not allowed, without the consent of the Corporation, to pick up and set down the same passenger within the city boundary and was compelled to charge  $\frac{1}{2}d.$  per stage higher than the tram fares. The tramways were unremunerative and the Corporation desired the protection to extend beyond the city boundary and Mayne's fares to be increased. In his Report the Minister's representative observed that the tramways were admittedly inadequate for a through service to and from Manchester. In dismissing the Appeal the Minister's decision may be taken to mean that a tramway service should not be protected merely because it is unremunerative; it must also be adequate and satisfactory.

A more important Appeal case on this point arose out of the refusal of the South-Eastern Commissioners to grant increased protection to the Portsmouth Corporation tramways. The tramways were already protected in that a minimum fare of  $3d.$  had to be charged on the services of the Southdown Motor Services, Ltd., but the Corporation argued that this was insufficient protection and that competition was causing their undertaking to run at a loss. They asked for the minimum fare to be raised to  $6d.$  if necessary. The case against the increase was based on a report of a special committee of the Corporation which contained recommendations as to how the deficit on the undertaking could be remedied. The Commissioners observed that the recommendations, if carried out, should effect a substantial improvement in the financial position

<sup>1</sup> R.V.A. 2487, January, 1934. Cf. also Halifax Joint Committee, R.V.A. 2187, November, 1933, where the Commissioners' and Minister's decisions against increased protection were coloured by the consideration that the Corporation's tramway fares were somewhat high even after making due allowance for the difficulties of operation in a hilly district.

of the undertaking, and that "they were not prepared to increase the already substantial measure of protection . . . until they have had an opportunity of judging the effect of the steps now proposed to be taken by the Corporation for putting their own house in order." The Minister dismissed the Appeal and supported the Commissioners by saying "the effect of these changes (i.e. the re-organisation) should be awaited before further consideration is given to the question whether the existing margin between the fares of the Southdown Co. and the Corporation should be increased."<sup>1</sup>

(2) *Railways.*

Protection of railway services appears more widely and in rather less simple forms than the protection of tramways and trackless trolleys, for the railways are in competition with public service vehicles on almost every hand, be the service local or distant, regular or seasonal.

As against the short local bus services very little protection has been granted the railways. Most of these services had been firmly established for some years and the Commissioners, generally speaking, only consolidated them and gave official approval to their existence. Furthermore, these services frequently give facilities which the railway companies do not and can hardly hope to give.

The licensing of express and excursion services, however, has undoubtedly been influenced by the desire to afford to the railways some measure of relief from the intensive competition they were experiencing in 1930. It is against these services that the railway companies have directed the main force of their opposition. The railway companies' claim for protection in this respect has largely been based upon their position as providers of regular transport facilities. They are under statutory obligation to provide adequate services and must run services all the year round. The Commissioners have regarded them as being in somewhat the same position as the regular express operator and hence as requiring the same protection from the seasonal or excursion operator. It is thus generally true that the restrictive conditions previously described<sup>2</sup> as being imposed to protect the regular road services may also be regarded as being partly imposed to protect the regular railway services.

<sup>1</sup> Portsmouth Corporation, R.V.A. 2956/2970, January, 1935.

<sup>2</sup> See pages 122-8.

The Commissioners also give considerable weight to the existing railway facilities when considering applications for new or additional road services. It is not sufficient for the operator to show that there are people desirous of travelling to a certain place to which the road service is inadequate, he must also show that the railways do not adequately cater for this need. What are adequate railway facilities is a matter of opinion depending on the circumstances, and no generalisations are possible.

When the protection of tramway services was discussed it was noted that the most usual form was for a higher fare to be charged on the buses than on the trams. The relationship between road and rail fares is not so simple. When the Commissioners came into office they found that, generally speaking, the difference between road and rail distance fares was considerably in favour of the former. Working through either regional fare committees or local meetings of operators the Commissioners had by the early part of 1933 obtained schedules of fares agreed among the operators. The railways attempted in many cases to have these fares increased, but there is no evidence to show that they had any large measure of success. In general, the fares sanctioned were round about the 1931-2 level.

Almost immediately after this the railway companies introduced their "summer"<sup>1</sup> return fares available for return within one month of issue and representing a 33½ per cent decrease on the ordinary period-return fares, single fares remaining the same. In addition, the railway companies have introduced an increasing number of special fares to attract passengers. Road operators have retaliated by applying for permission to make fare reductions in certain cases. So far these applications have met with a somewhat mixed reception. The general attitude of the Commissioners has been (where the proposed reductions are not agreed to by the railways) that if the proposed fare reductions are not due to a corresponding reduction in operating costs or a genuine desire to eliminate fare anomalies, but are proposed for competitive reasons, they may be regarded as a form of wasteful competition, i.e. as attempting to attract passengers who would otherwise be carried by the railways. The position is, however, not altogether clear because no general

<sup>1</sup> As originally advertised, the summer period was May to September, but this was afterwards extended and now the facilities are available all the year round.

and widespread move has yet been made for lower road fares.<sup>1</sup>

One important case bearing on the relationship between road and rail fares concerned the application by certain operators in the Newcastle district to increase their fares. The operators contended that, due to a period of competition with the railways prior to 1931, the fares had been brought to an uneconomic level and during the last three years the services had been running at a loss. They realised, however, that it would be difficult to raise fares without the railway fares also being increased, and therefore they reached agreement with the railway company for a joint increase. By a majority decision the Northern Commissioners refused to allow the increase and the operators appealed. The Minister in upholding the Appeal expressed the opinion that "in considering what are reasonable and proper fares to be charged on an omnibus service, the Commissioners may properly consider what are, or are likely to be, the fares charged upon the railway, seeing that they are required to view the traffic problem of their area as a whole and to secure co-ordination between different forms of transport and to limit wasteful competition."<sup>2</sup>

Probably the most important and far-reaching attempt to give the railways some measure of protection from road services has been in respect of long-distance services. The method adopted has been the restriction of duplication. Duplication is the increasing of the number of buses departing at a particular time and is necessary at peak periods to provide for the abnormal number of persons desiring to travel.

The first important decision concerning restriction of duplication on distance services was made by the Minister in March, 1933. The Commissioners for Southern Scotland licensed a service from Glasgow to London and allowed a maximum number of 24 vehicles in any one day. On the backing, however, the Metropolitan Commissioner restricted the maximum number to 9 vehicles. In upholding the Metropolitan Commissioner's decision the Minister stated, "it appears to him especially appropriate to give weight to the need for the co-ordination of different forms of transport and the avoidance of wasteful competition in the case of extreme-distance passenger services by road (other than

<sup>1</sup> Cf. pages 157-61 for the various Appeal decisions bearing on this point.

<sup>2</sup> Appeal by United Automobile Services, Ltd., and others, R.V.A. 2476, January, 1934.



those which partake of the character of a pleasure tour extending over two or more days) and that the Metropolitan Commissioner has acted rightly in subjecting services of this kind to effective limitation in the number of vehicles authorised to be employed.”<sup>1</sup>

In September, 1933, the Minister made an even more important decision on this point. The L.M. & S. Railway Company appealed against the granting of licences and backings for London-Liverpool, London-Edinburgh and London-Glasgow services. The railway company urged that the only effective means of ensuring proper co-ordination and allocation of functions, and of giving the Company the financial stability to which they were entitled, was the total refusal of licences for road services of the kind in dispute.

In giving his decision the Minister made it clear that he had borne in mind that the Appeals related “to what may be termed extreme distance services between terminal points . . . and to traffic which does not appear to be of a touring, excursion or primarily holiday character.” He accepted the view “that the public interest demands that adequate and efficient services by rail must be maintained between such points and that it may be difficult, and eventually impossible, for the railway companies to provide such services all the year round if in the more favourable months of the year and at holiday periods they do not secure the additional traffic for which ample railway facilities exist.” He was, however, unable to accept the submission of the railway companies that road services of the kind in question should be entirely eliminated. On the other hand, he regarded it as “unreasonable that the road services which are, during the winter months, confined to one or two timings a day with a single vehicle, should be multiplied at holiday periods and during the summer months to the extent which prevails in the present cases.” While the Minister did not think it practicable to revoke the licences and wholly to rule out long-distance express-coach services to which over a period of years the public had become accustomed, he was satisfied that the railway company was “justified in asking in the case of the ‘backbone’ services now under consideration for some appreciable measure of protection,” and therefore in services of this type “regard must be had to the quantum of the services for the maintenance of which

<sup>1</sup> Midland Bus Services, Ltd. (now Western S.M.T. Co., Ltd.), R.V.A. 1455, March, 1933.

throughout the year the operators are prepared to assume responsibility." He therefore made Order No. 54 on the Traffic Commissioners in question directing them to attach conditions to these particular services restricting the additional number of vehicle journeys allowed to be operated on any one day and in any one direction so that they do not exceed three times the minimum number of vehicle journeys in the same direction for the daily running of which the operator is prepared to assume responsibility throughout the whole year.<sup>1</sup>

During 1934 the question of the restriction of duplication again arose on the Glasgow, Edinburgh and Newcastle to London services.<sup>2</sup> In answering the railway companies' claim for the imposition of the duplication restriction, the Northern Commissioners said that they did "not dispute that the railway services provided by the Appellant Company constitute a 'backbone' service on one of the main railway lines of the country, but as the road services cater for traffic from intermediate points and outlying districts, which cannot reasonably be catered for by the Appellant Company, it cannot be contended that the Order (restricting duplication) should be applied." The Minister, however, agreed with the view that "these services are in competition with a backbone railway service and are not primarily of a holiday character." He was also impressed with the argument brought forward by the road operators that the traffic did not always flow to and from London in equal measure and that on some days the majority of the traffic would be to London, on other days from London. To meet this point he directed<sup>3</sup> that "the number of additional vehicle journeys to be operated . . . (i) on any one day shall not exceed three times the minimum number of vehicle journeys required to be operated each day throughout the year and (ii) in any one direction on any one day shall not exceed two-thirds of the total number of additional vehicle journeys authorised to be operated on that day in accordance with (i) stated above." The effect of this modification may best be seen from a simple example. An operator runs a minimum service of one vehicle each way throughout the year.

<sup>1</sup> L.M. & S. Railway Co. *re* Crosville Motor Services, Ltd., and Others, R.V.A. 1864, September, 1933. Cf. also Pearsons (Happy Days Motorways), R.V.A. 2293, December, 1933.

<sup>2</sup> L.M. & S. and L. & N.E. Railway Companies *re* Orange Bros. and Others, R.V.A. 2532, September, 1934.

<sup>3</sup> Road Service Licences (Appeals) Order (No. 32), 1934.

Under Order No. 54 he could run 3 additional vehicle journeys each way, making a total of 4 in any one direction. Under the modification embodied in Order No. 32 he can run two-thirds of the total number of duplicates allowed on any one day (i.e. two-thirds of 6) in any one direction, or in other words, he may run 5 vehicles one way and 3 the other, instead of 4 each way as previously.

Two other important cases have since arisen in which the scope of this form of protection has been in question. In the first case<sup>1</sup> the L. & N.E. Railway Company appealed against the refusal of the Eastern Commissioners to impose Order No. 54 on the Newcastle-Lowestoft road service. The main reason for the Commissioners' refusal was that the service was primarily of a holiday character and "was in an entirely different category from those between large business centres." They pointed out that there is "no daily through rail service between Newcastle and Yarmouth or Lowestoft," and that in their opinion "the traffic carried by road on this service may be regarded as created holiday business which without the convenience of the through road service would not eventuate at all." The Minister upheld the Commissioners after "having regard to the history and character of this road service and of the railway services concerned."

The second case<sup>2</sup> involved a number of services from Blackpool, Fleetwood, Blackburn, Manchester and other Lancashire towns to London. The North-Western Commissioners applied the duplication restriction of Order No. 54 because they could not regard the traffic as being of an excursion, touring or primarily holiday character. The Metropolitan Commissioner disagreed, and considered "that the Minister recognised that persons proceeding on holiday often desired to make a road journey part of their holiday and, in order to meet that desire as far as possible, he had contemplated that it might not be necessary to impose such strict limitations on duplication if the services were not between two long-distant industrial towns, but had a general holiday character, as might be the case where the service is operated to a holiday resort." The Minister's representative agreed with the North-Western Commissioners and said he thought "these services are long-distance services in competition with a backbone railway service and, in view of the

<sup>1</sup> L. & N.E. Railway Co. *vs* Eastern Counties Omnibus Co., Ltd., R.V.A. 2816, October, 1934.

<sup>2</sup> Scout Motor Services, Ltd., and Others, and L.M. & S. Railway Co., R.V.A. 2731, December, 1934.

different places served, that they are not of a primarily holiday character . . ." The Minister, however, agreed with the Metropolitan Commissioner, whose words, he said, " aptly describe the type of service which was excluded from consideration when the decision (in the Crosville case) was given." But so as to prevent the effect of Order No. 54 being negatived in the case of certain industrial towns, the Minister directed that duplicates used in excess of the number allowed under Order No. 54 shall be prevented from picking up and setting down passengers other than those beginning or ending their journeys at Blackpool.

The net effect of these decisions is that where long-distance road services compete with backbone railway services and are not of a touring, excursion or primarily holiday character, the Minister is willing to restrict the number of vehicle journeys operated at peak times to a figure fixed by the minimum number of vehicle journeys operated all the year round.

#### THE PRINCIPLE OF PUBLIC NEED

The Road Traffic Act, 1930, refers to the criterion of public need in various ways : the Commissioners must have regard to the extent to which the needs of the route are adequately served ; the extent to which the service is desirable or necessary in the public interest ; the needs of the area as a whole and the provision of adequate services. The Commissioners are, therefore, primarily concerned with deciding whether a service is needed or not. In examining the manner in which the Commissioners approach this question and the evidence they consider, it is necessary to classify applications for road service licences into three groups : continuation of existing services ; extensions or additions to existing services ; and new services. The factors which the Commissioners take into account when considering public need vary according to the group to which an application belongs.

For services already in existence there is generally considerable statistical evidence available. It is the practice of the Commissioners to ask the operator to furnish certain statistics when applying for a renewal of a licence. A standard return <sup>1</sup> is in use for each of the three types of

<sup>1</sup> Forms P.S.V. 66A (Stage) ; 66B (Express) ; 66C (Excursions and Tours) ; these refer to individual services. In addition, there is another form, which must be furnished quarterly to the Ministry of Transport, and which covers the whole of the operator's services.

licensed service. The return asks for the salient traffic statistics for each of the last four quarters prior to the application. For stage-carriage services the information required is tickets issued, divided between single and return, contract or season; passengers carried; service vehicle journeys; estimated seats available; number of days on which service was operated; service vehicle miles run; passenger receipts; average receipts per vehicle mile; maximum number of vehicle journeys operated on any one day and maximum number of vehicles leaving any terminal point at any one departure—these last two to be given separately for Mondays to Fridays, Saturdays, Sundays, and Bank Holiday periods. There are only one or two minor differences in the information required by the express and the excursion and tours returns.

With this information and with their knowledge of the traffic facilities of the Area, the Commissioners gauge the extent of the public demand for a service. They compare the number of seats available with the number of passengers actually carried, which indicates whether the vehicles are running with many empty seats. The receipts per vehicle mile also give some indication of the average loadings and, in addition, when compared with the general level of operating costs, indicate if the service is paying its way. Where the receipts per vehicle mile are less than the Commissioners consider to be the general level of operating costs for the type of service in question, they will generally require the operator to bring further evidence forward to substantiate his application. He may have to produce the actual operating costs for the service; alternatively he may show that the service is necessary because it bears a peculiar relationship to another service, or to the same service at another period of the year. An actual example will make this point clearer. The United Counties Omnibus Co., Ltd., took over the Northampton-Birmingham express service of Allchins Coachways. When the West Midland Commissioners examined the receipts per vehicle mile which were submitted with the application for the backing in their Area they found them as follows:

	Receipts per Vehicle Mile.
	<i>d.</i>
October–December, 1932 . . . .	3·33
January–March, 1933 . . . .	1·88
April–June . . . .	3·41
July–September . . . .	10·00
Average for the year . . . .	4·84

The Company submitted that the operating costs of the service were 6.25*d.* per vehicle mile. The figures thus showed that the service was only remunerative during the September quarter and this was one of the reasons why the Commissioners decided to license a service only for that period. The Commissioners observed that the journeys for such a small number of passengers were of "insufficient importance to justify a regular service by a vehicle which frequently must be running practically empty." On Appeal<sup>1</sup> the Minister modified the Commissioners' decision to the extent of allowing the service to be run from March 29 to September 30 inclusive (i.e. six months). In making this decision the Minister took into account the fact that the average receipts for the June and September quarters together showed a profit to the operator, and the operator's contention that the service would be adversely affected during the September quarter if it was not run during the June quarter.

In another case<sup>2</sup> the statistics for a service between London and Southsea showed that the average number of passengers per journey was 4.78 in the June quarter and 6.72 in the September quarter. The Metropolitan Commissioner in view "of the very poor loadings on days when traffic should be heaviest" informed the applicants that he could not see any need for their service. The applicants, however, considered that the traffic would warrant the services in July and August and the Commissioner agreed to try this and see what the result was.

The figures of the number of days on which the operator has run the service are mainly important in regard to express services. An express licence requires the operator to run the service either every day or on certain specified days. The Commissioners, therefore, compare the number of actual days with the number of specified days. When the operator has run less than the specified number it is probable that he will either have his licence restricted to the number of days actually operated or have it refused altogether. In the latter event, he would generally be licensed to operate excursions to the place in question and hence lose the right of issuing single and probably period-return tickets. For example, in 1931 an operator was licensed to run an express service between Leyton and Great Yarmouth on 122

<sup>1</sup> United Counties Omnibus Co., Ltd., R.V.A. 2681, May, 1934.

<sup>2</sup> Edward Paul, Ltd., R.V.A. 2828, August, 1934.

occasions. In 1932, when his licence came up for renewal, the Metropolitan Commissioner found the service had only been operated 46 times; the new licence was therefore confined to certain Saturdays and Sundays or 48 occasions in all. In spite of the fact that during 1932 the service was operated only 11 times the licence was renewed with the same conditions as to runnings. In 1933 the figures showed runnings on 18 occasions and the Commissioners therefore refused to grant an express licence. The Minister dismissed the operator's Appeal.<sup>1</sup>

With the majority of applications the choice which lies before the Commissioners is not between a straightforward acceptance and a refusal but rather between certain limiting conditions of an acceptance. In both the cases just quoted it will be noticed that the Commissioners used the figures as the ground for a reduced service. Similarly the figures of the maximum number of vehicle journeys run on any one day and of vehicles operated at any departure time are used by the Commissioners as a basis for fixing the limitation on duplication which is a condition sometimes attached to the licence.

In addition to the figures required by the standard forms the Commissioners sometimes demand further and possibly more detailed statistics on special points. For example, whenever it is necessary for them, in view of traffic congestion, to reduce the number of picking-up points, the Commissioners usually demand the details of the number of passengers picked up at the existing picking-up places on the route.

It has already been noticed that in the first licensing year there was a strong presumption in favour of the application of the long-established operator. The Commissioners did consider public need, for the licences and conditions attached were often based on previous operating statistics, but they did not attempt any serious cutting down of the volume of services. During the past three years, however, the Commissioners have had the question of surplus services seriously in mind and many licences have either not been renewed or been renewed on a reduced basis. Where the

<sup>1</sup> E. A. Winwood, R.V.A. 2651, April, 1934. Cf. also Black and White Coaches (Leyton), Ltd., R.V.A. 2617, April, 1934, where the Metropolitan Commissioner observed, "It is not intended that an operator should operate with empty vehicles—but he cannot be allowed to decide himself nor can he be allowed to hold a licence for which he cannot obtain enough passengers."

Commissioners are contemplating not continuing a licence the Minister has ruled that they must make it clear to the applicant that they will require additional proof of need, otherwise the applicant might be misled by the fact that the licence has been granted in the past into not fully stating his case.<sup>1</sup>

The position of applications for additions to or extensions of existing services is rather different. With regard to additions, it is true that the chief guide for the Commissioners is the figures shown in the standard forms. If, for example, an operator applies for an increased time-table, his operating statistics for the previous period will probably show an increase in the average loadings per vehicle mile. Or, if he desires increased provision for duplication, the statistics will probably show that the licensed maximum was fully used on certain occasions or possibly, with the Commissioners' permission, it had been exceeded. The figures may, however, not be conclusive and a new type of evidence in the form of the testimony of local authorities, associations, etc., must be produced.

The evidence of bodies representing the interests of the travelling public is widely used and is practically essential to the success of any application to extend an existing service or to start a new service. Local authorities have the right to make representations in regard to any application and, as the elected representatives of ratepayers and potential passengers, their support for a service adds considerable weight to the application. In addition, such bodies; ratepayers' associations and local societies are frequently heard. Sometimes the operator canvasses the residents for potential passengers or arouses an agitation if his service is being cut down. Some of this type of evidence can also be supported by reference to such statistics as the population living along or near the route. Again, as the demand for a new service arises generally from the construction of new houses or a new factory, the number of houses or the number of workpeople employed is used as giving some indication of the potential demand.

When, as the result of this evidence, the Commissioners consider that a case has been made out for a new service, they will generally grant a licence to cover an experimental skeleton service, the subsequent fate of which will depend

<sup>1</sup> M. A. Hargreaves, R.V.A. 2278, October, 1933. Cf. also R. Fox, R.V.A. 2530, March, 1934.



upon the traffic figures it shows when the time comes for the licence to be issued again.

The type of evidence of the public need for a service is of obvious utility but it is not so obvious why, if an operator is willing to run a service even though it is unremunerative, he should not be allowed to do so unless he can show evidence of public need. It might appear that, from the point of view of the public, the Commissioners should be concerned with securing more rather than less services. That this is not always the case is due to two other factors to which the Commissioners give serious consideration: alternative facilities and traffic congestion.

The Commissioners are under definite legal obligation to consider alternative transport facilities when making their decisions; they must consider how far the needs of the route are already served and prevent wasteful competition with alternative forms of transport. The present position of passenger transport is that routes with the slightest effective traffic demand are already served by one form of transport or another. Therefore, when considering an application for a new or enlarged service the Commissioners give serious weight to the travelling facilities already in existence along or near the route. For this evidence they generally rely on the objections of those providing the existing facilities. If there are no objections (a rare event) it generally means that no road operator or railway company is affected. Generally speaking, therefore, it is not sufficient for an operator to show that there are people who would travel on his service if he was allowed to run; he must further show that these are not already being catered for, and that he will not abstract traffic either from another operator or from the railways. The railways, for example,<sup>1</sup> appealed against the grant of a licence for a service to be operated between Glasgow and Fort William and based their case largely on the Minister's decision and comments in the Crosville Appeal.<sup>2</sup> The Minister in dismissing the Appeal agreed that the service in question differed from the type of service referred to in the Appeal decision quoted in that it "caters almost exclusively for seasonal traffic of a sight-seeing character and the evidence of need related to tourist traffic only," and therefore the traffic would

<sup>1</sup> L.M. & S. and L. & N.E. Railway Companies, *re* D. MacBrayne (1928), Ltd., R.V.A. 2630, April, 1934.

<sup>2</sup> See page 135.

not be diverted to the railways even if he allowed the Appeal.<sup>1</sup>

Traffic congestion is an important factor affecting the Commissioners' decisions, especially in the more important urban areas. The enormous increase which has taken place during recent years in the number of motor vehicles, combined with the narrowness of much of the public highway (especially in towns), has created a situation in which free movement of traffic is impeded and danger to the public safety increased. The Road Traffic Act, 1930, does not specifically mention congestion as a factor for consideration of the Commissioners but it does refer to the suitability of the routes and the safety of the public. For evidence on this point the Commissioners rely to a large extent on the statements of the local authority or of the Chief Constable, but in addition the width of the road and the density of traffic it carries as shown by the traffic censuses are important guides.

Alternative facilities and congestion may be considered as the negative factors affecting an application for a road service licence. The chances of success of any application will, therefore, be weaker as these negative influences are stronger. In general, three situations may arise.

The first situation is where the application is not faced by questions of alternative facilities and congestion. Where this unusual position does arise the Commissioners exercise little or no restrictive control over the service. The situation is, however, more academic than real and little consideration need be given it. There is nearly always some degree of congestion involved and, even if saturation point is still remote, the Commissioners will not allow vehicles to be run almost empty. The fact that there are no alternative facilities, however, does mean that, providing there is the slightest evidence of need, the Commissioners will allow the operator's application. When the service is obviously unremunerative the Commissioners will consider

<sup>1</sup> But cf. *Great Western Railway Co. re Merthyr Corporation*, in which the rendering safe of a bridge made a stage-carriage service possible between Merthyr and Abercanaid. It was agreed that the new service would attract passengers from the railway, but the South Wales Commissioners said, "We are not justified in withholding reasonable facilities in order to force people to walk a certain distance and make use of the only facilities which are at present in existence." The Minister apparently agreed with his representative that "this is a case where the facilities asked for should not be refused, even though the passengers will be taken from the Railway thereby."

this in the light of the operator's other services which may be sufficiently profitable to cover the poorer service. If it is the operator's only service the Commissioners would generally be reluctant to allow it to continue unless it was sufficiently remunerative to provide for the vehicles being maintained in a safe and suitable condition.

The second situation is where there is little or no congestion but where there are alternative facilities. The task of the Commissioners here is more difficult. Their decision will involve one or more of the three principles already indicated; the preference for the existing operator and the protection of local from distance services and regular from irregular services give some indication of the decision which the Commissioners are likely to make on a road service licence which covers a competitive service.

The third situation is where there exist both alternative facilities and some high degree of congestion. Here the applicant must show much greater proof of the public need for his service than in either of the other two situations.<sup>1</sup> If his application is for a new or extended service the difficulties may be insuperable, especially if he is a new operator attempting to compete with an existing operator. Apart from this, the only general statement that may be made with some degree of safety is that where the application refers to a distance or an irregular service, while the competing facilities are given by a local or a regular service respectively, the proof of public need must be very strong indeed.

The factor of congestion adds weight to the claims of the railways as providers of an alternative method of transport. The chief example of this has been the case of the coach services from the suburbs to the centre of London, and though this was an extreme case the point still holds good whenever the Commissioners are convinced that a route is congested. In a general statement<sup>2</sup> the Metropolitan

<sup>1</sup> Cf. Committee of Inquiry into London Motor Coach Services, *First Report*, 1932, p. 20: "from the standpoint of traffic congestion and alternative facilities, the mere fact of a service being 'desirable in the public interest' should not be sufficient ground for its being permitted to traverse a route in central London during the busy parts of the day or where the use of congested streets was involved . . . the applicant . . . should be put to the proof that the part of the service which involves the use of central London streets is 'necessary in the public interest.'"

<sup>2</sup> Committee of Inquiry into London Motor Coach Services, 1932, Document (1), First Series. Cf. also D. T. Breese, R.V.A. 2354, October, 1933, where the Minister noted, apparently with approval, the view expressed by the South Wales Commissioners, "that, *more especially in*

Commissioner explained his attitude to the London suburban coach services in the following words : " The proper function of the suburban motor coach in London where the roads are so crowded, is not to compete with railways, but to supplement them, and to provide means of transport which the railways cannot adequately serve. . . . I am convinced that those who can conveniently travel by rail should be encouraged to do so, partly so as immediately to relieve the roads, and partly in order to stimulate the extension and improvement of railway systems which will ultimately further relieve the congested roads." Therefore he considered that, instead of the coach services being allowed to run into the central area (a fact which had hitherto given them an advantage over the railway) they should in future be allowed to run only to the fringe of that area from which point " passengers can proceed on the tubes, underground railways and short-stage omnibuses." <sup>1</sup>

It is obvious that public need, alternative facilities and congestion may occur in differing degrees and differing proportions. Speaking generally, it is true to say that the three factors do bear some relationship to one other in that an increase in public need usually means an increase in transport facilities which, along with private cars, usually means an increase in congestion. There may, however, be some peculiar local circumstance, such as narrow roads, which affects the position. But since these factors enter into the circumstances of each application in a different degree it is impossible to generalise as to the point at which the Commissioners decide whether a service is necessary. The operating statistics of the year previous to the application may, for example, show the same average receipts of 4*d.* per vehicle mile for two different services, but this low figure may be due to different causes. In the first case it may be due to the fact that, notwithstanding the absence of competing transport services, there is an insufficiency of traffic along or near the route. The service does, however, cater for a certain demand which would otherwise not be met, and the Commissioners will

*an area where the traffic on the roadways is congested, the transport of a comparatively large number of men at definite periods of the day over distances of over 20 miles is essentially a class of traffic operation which should be dealt with by the railway."*

<sup>1</sup> The Committee of Inquiry accepted this view, but the Minister modified the application of it according to the circumstances of the particular services and routes.

generally sanction the service. In the second case, the low average receipts may arise from the fact that there is an insufficiency of demand for the particular service because of the other services which also serve the same, or approximately the same, route. Sometimes, it may mean that the services of none of the operators on the route are remunerative, for in order to maintain their claim to as large a portion of the route as possible, each operator is making more vehicle journeys than the traffic demands. In such a case, if the operators fail to come to an agreement for some better co-ordinated service, the Commissioners will generally cut down the total services on the route (*pro rata* among the operators) and so make the average receipts (or passengers carried) per vehicle mile a somewhat higher figure. If the average receipts of the service are very low and there are suitable alternative services, then the Commissioners will as likely as not refuse the application altogether.

\* \* \* \* \*

It will now be convenient to bring the three principles or criteria into a more realistic relationship by means of a brief summary.

The first question to which the Commissioners require an answer is whether there is any need for the service applied for. Where there are no alternative facilities, which in practice means there are no objectors to the application, the authorities will rarely refuse or restrict the service. They will, however, give preference to the operator who already has a system of services near the proposed service.

Where there are alternative facilities, the Commissioners require the answer to further questions, all of which involve a comparison between the service applied for and the competing services. These questions refer to the nature of the service (regular or irregular); type of service (local or distance); and type of transport (public service vehicle, tramway, trackless trolley or railway). The nature of the Commissioners' preferences is covered by the principle of protection, and there must be exceptional circumstances before the Commissioners will depart from this and allow services, for which protection is generally granted, to be encroached upon.

If the application proposes an increase of facilities beyond the previously licensed level the Commissioners will require to know what effect the proposal will have on

other services. This question is asked not only to safeguard the type of services usually protected, but also to protect operators of services similar to the type involved in the proposed increase. For example, if an operator applies to run excursions between A and B, the Commissioners would not grant the licence if they considered it merely meant a transfer of passengers either from the regular services, in the form of the ordinary express service and the railways, or from the existing operators of excursions between A and B.

## CHAPTER XII

### STATUTORY CONTROL OF ROAD SERVICES

(*continued*)—FARES

THE fares charged for omnibus and coach services will, under competitive conditions, tend to be fixed at the cost (including a normal profit) of providing the service. The fare is usually the price for carrying one person a specified distance.<sup>1</sup> Actually, however, costs cannot be analysed and attributed to the carrying of any individual passenger.<sup>2</sup> If the full cost of running a vehicle one mile is 8*d.*, the cost of carrying a single occupant one mile is also 8*d.*, but if 2 persons travel the cost per passenger falls to 4*d.*, for no extra cost will be incurred in carrying the extra passenger. The cost of carrying any one passenger, therefore, can only be stated in terms of the average number of passengers carried. In other words, the fare per mile is generally the quotient of the average cost per vehicle mile divided by the average number of persons carried per mile. Both these averages may be affected by the period of time and the length of route or routes over which they are spread.

The demand for passenger transport generally shows a regular periodical fluctuation. As a result there are periodical fluctuations both in the number of vehicles required and in the number of passengers carried per vehicle. The fixed costs of an operator are increased by the need for holding in reserve a number of vehicles to meet the peak demand. On the other hand, the average load per mile is generally higher at peak than at off-peak periods. If the period taken for the purpose of the average includes both peak and off-peak periods, the resulting average costs and average load per vehicle mile may differ from the actual at any particular point in time.

Similar considerations arise when different routes or parts of routes are concerned. The physical nature of the route has some bearing on operating costs. More important

<sup>1</sup> In the case of contract carriages the operator must charge a price for the vehicle as a whole.

<sup>2</sup> For a description of public service vehicle costs, see pages 14-17.

is the demand for transport along the different routes, the demand tending to vary directly with the population served by the route. As the average load per vehicle mile is a more important factor than the average cost per vehicle mile in fixing the average cost per passenger, fares will tend to be highest on routes where demand is lowest. Here again the averages may refer to the whole or a part of a particular route and not be a general average over all routes.

As the service supplied, i.e. passenger miles, cannot be purchased and the use transferred either to a later time or to a different route, it is possible for actual fares to differ between different times and different routes. In actual practice these differences do exist. There are three main types of time discrimination: (1) workmen's fares—whereby a reduced fare is charged to those who travel before a certain time in the morning; (2) half-day and evening excursions—whereby a reduced return fare is charged to persons travelling after a certain time in the day; and (3) seasonal fares—whereby the fare differs according to the period of the year. Variations in fares between routes and between parts of the same route are very common.

Such variations may be desirable in theory, but the practical advantages of uniformity in fares are very strong. Uniformity is much simpler for the passenger to understand. The avoidance of fare anomalies and the simplification of fare-tables are an advantage to the operator. There must always be some arbitrary limit to the extent to which an analysis of costs and loadings may be carried. There is also the argument sometimes urged that travel facilities should be as extensive as possible and, therefore, within limits the more thickly populated routes should assist routes which are socially desirable but which, owing to their slight development, would otherwise require a very high fare-level. Finally, where the State considers that fares should be controlled owing to the existence of monopolistic conditions, there are obvious administrative advantages in prescribing a uniform fare-level instead of controlling each individual fare. For these reasons, therefore, where there is a controlled monopoly in passenger transport the fares tend to be fixed on a uniform basis.

On other than purely local services the question of return fares is of considerable importance. If the charge for travelling from A to B is 1s., the charge for travelling from A to B and back to A should at first glance be twice that



figure. There are various reasons why no such simple relationship exists between single and return fares. A vehicle travelling outwards from A to B will generally have to return to A; this may affect the fares charged in two ways. On the one hand, the passenger merely travelling from A to B and not returning may be considered as incurring part of the return cost. On the other hand, the costs of the return journey will be incurred whether the passenger returns or not; any extra revenue obtained from charging a fare for the round journey somewhat higher than the single fare may, therefore, be regarded as profit. Both these factors imply charging single fares at a higher rate per mile than return fares. This is especially so where there is no regular traffic both ways, as, for example, in the case of trips to holiday resorts. It is also more important where the vehicle has to return at the end of the day than where the operator has a depot and operating area at both termini. Cheap return fares, however, owe their chief importance to competitive operation, for once a passenger buys a return ticket he must either travel back by the same operator or expend further money, a course which he is only likely to do in exceptional circumstances. The difficulties of catering for the return demand increase with the lengthening of the period during which the passenger may use the return ticket. On a period-return ticket the possibility that the passenger may decide to return at any time within three months may mean that vehicles have to be run from A to B merely because a certain number of return tickets are outstanding. Much of the waste mileage may be obviated by requiring the passenger to give notice of the date of his return, but even this method may still involve running waste miles from A to B. Day returns are more easy to manage and this is a factor which makes them cheaper than period returns. There is, however, another factor. Travel, especially of a holiday or special character, is often associated in the passenger's mind with the length of time he stays in the place. A person is willing to pay more to travel to the seaside if he is spending a week there than if he is only spending a day. Similarly half-day and evening trips must be cheaper than day trips, if they are to prove attractive.

In addition to the ordinary single and return tickets there is a variety of fares all having as their main feature a reduction for bulk travel. There are three main types: (1) season tickets—allowing an unlimited number of journeys

on a specified route for a specified period; (2) discount tickets—allowing a specified number of journeys to be made during a specified or unspecified period; and (3) “anywhere” tickets—allowing an unlimited number of journeys to be made over all or a section of the operator’s services within a specified period.

In so far as each journey involves the same cost there can be no justification, on the grounds of cost, for fare reductions with the number of journeys made. It is different if the fare reduction ensures that seating capacity will be filled which would otherwise be empty, for example, if the extra passengers are carried at times when the vehicles are running only partly filled. The economics of road and rail differ in this respect. Not only is the percentage of fixed costs appreciably higher for rail than for road transport, but the carrying capacity of the unit which incurs the running costs is very much larger. A train may convey 1 to 500 people without a corresponding increase in running costs, but a public service vehicle can only carry 32 passengers on the average and only 70 at the most. In the case of the public service vehicles, therefore, any large increase in demand due to special types of fare may more quickly overstep the normal supply of seats and require extra vehicles to be operated. The revenue derived from the increased demand may, of course, be sufficient to cover the extra costs incurred in satisfying it, but this is rather different from the benefits which accrue from a fuller use of existing capacity. In a competitive system, further, composite fares have the advantage that once a passenger has bought a bulk-travel ticket he is not likely to travel on competitive vehicles during the period of the ticket.

So much for the economic factors involved in the fixation of omnibus and coach fares. Prior to 1931 there was little or no public control exercised over fares, but the establishment of the Traffic Commissioners completely altered the situation.

#### *Statutory Control.*

The powers of the Traffic Commissioners to control fares are extremely wide.<sup>1</sup> The Road Traffic Act, 1930, empowers them to attach conditions to road service licences so as to secure that (a) the fares shall not be unreasonable, and (b)

<sup>1</sup> Except in respect of the London Passenger Transport Board, the Railway Rates Tribunal being the main controlling authority in this case.

(where desirable in the public interest) the fares shall be so fixed as to prevent wasteful competition with alternative forms of transport, if any, along the route or any part thereof or in proximity thereto. In addition, the Commissioners are specifically empowered to fix minimum or maximum fares if it is represented to them by any person interested in or affected by an application that such a course is necessary or desirable in the public interest.<sup>1</sup> The broad effect of these statutory powers is to prescribe upper and lower limits: fares must not be so high as to be unreasonable to the passenger, nor so low as to allow wasteful competition.

The general attitude of the Commissioners towards the question of fares has been to accept the level of fares existing at the time they took office. In view of the early difficulty they experienced in coping with even the broad details of the services, this policy had an obvious administrative advantage. It is doubtful, indeed, whether the Commissioners could have spared the time to investigate all the different fares in their first year of office.<sup>2</sup> Further, the Commissioners realised that the keen competition which had prevailed had forced the majority of fares down to a low level. In only two types of case was it found necessary to make any serious modification of the existing fares. First, where different fares were being charged, or where competing applicants desired to charge different fares, between the same places, some compromise, generally tending towards the lower fares, was sanctioned. Secondly, where the Commissioners considered that a certain service required to be protected, they probably increased the fare on the other or less essential service.<sup>3</sup> Having once accepted this 1931 level, the Commissioners have concentrated their attention upon applications for fare variations.

The attitude of the Commissioners towards proposals to increase fares may be evidenced by their reactions to the applications for fare increases following increases in the

<sup>1</sup> The only specific restriction on the Commissioners is that they cannot fix a minimum or maximum fare above the maximum prescribed in any Local Act.

<sup>2</sup> Cf. *Third Annual Report, North-Western Commissioners, 1933-4*, p. 33. "Owing to the complexity of other problems, the Commissioners have not yet had opportunity comprehensively to examine the fare-tables operative on the services in general."

<sup>3</sup> Cf. *First Annual Report, West Midland Commissioners, 1931-2*, p. 39. "The Commissioners have not considered it necessary themselves to alter fares save in a few cases to afford protection to statutory undertakings, or to bring into line differing fares charged by several operators."

price of petrol. On April 28, 1931, the tax on petrol was increased from 4d. to 6d. per gallon, and though the price (excluding tax) subsequently fell by 2d., this was offset in September by a further increase of 2d. on the petrol tax. In September, 1932, the price (excluding tax) was increased by 3d., leaving the total price per gallon 5d. above the March, 1931, level and 3d. above the May, 1931, level. As a result many operators applied for an increase in fares. In general, the Commissioners tried to resist these applications, but their decisions varied. The Northern Commissioners,<sup>1</sup> after considering the inconvenience to the travelling public of a reduction in the frequency of services or a revision of fare stages, allowed an increase in single and return fares according to a schedule. No increase on fares of 1d. to 4d. was allowed, but an increase of  $\frac{1}{2}$ d. was allowed on fares 4 $\frac{1}{2}$ d. to 10d. and every subsequent multiple of 10d. or less. An increase of 7 $\frac{1}{2}$  per cent on 12-journey tickets was also allowed. In the other Traffic Areas the applications for increases were not so general. Some Commissioners met the demand by encouraging operators to eliminate wasteful operation and redundant mileage.<sup>2</sup> Other Areas met the situation by allowing the withdrawal of or reduction in special facilities or a reduction in the frequency of services.<sup>3</sup> The East Midland Commissioners<sup>4</sup> refused permission to increase workers' fares unless there were exceptional circumstances, though they allowed ordinary fares to be increased in many instances. After September, 1932, the price of petrol fell so that now (Oct., 1935), it is little different from the May, 1931, level; hence the applications for fare increases based on the ground of increased petrol costs are no longer received and most of the revised fares have reverted to their former level. In general, the intensifying of competition by the introduction of cheaper railway fares has prevented any general move in the direction of increased fares. The tendency has in fact been in the other direction.

The main fare trouble of the Commissioners has indeed been in connection with applications to reduce fares. The difficulty arises from the statutory obligations of the Com-

<sup>1</sup> *Second Annual Report, 1932-3*, pp. 12-13. "While the scale of increases scheduled above was adopted as a general principle, each application was dealt with on its merits."

<sup>2</sup> Cf. *Second Annual Report, North-Western Commissioners, 1932-3*, p. 41.

<sup>3</sup> Cf. *Second Annual Report, West Midland Commissioners, 1932-3*, p. 50, and of the *Northern Scotland Commissioners*, p. 107.

<sup>4</sup> *Second Annual Report, 1932-3*, p. 56.

missioners to control fares so as to avoid wasteful competition. The principle of protection which sometimes leads the Commissioners to increase the fares on one service has already been mentioned.<sup>1</sup> Another aspect of the same principle is the refusal to allow fare reductions which would affect services considered to require protection. In order to see the Commissioners' attitude in true perspective it is necessary to divide road services according to whether or not they are competitive. Non-competitive services are the simplest because any fare changes do not involve other operators. Proposals to decrease fares on such services will therefore invariably be granted by the Commissioners. Competitive services, and in this are included services in competition with other forms of transport, are regarded rather differently. Whether the Commissioners grant a proposed reduction will generally depend on whether the parties affected object or agree to the proposal. This question of collective agreement is a characteristic of the Commissioners' attitude towards fares and deserves a detailed explanation.

In the case of local stage services any proposal to reduce fares will seldom affect many operators; it may not even affect a railway service. As a result, no special machinery for reaching agreement is necessary. The Commissioners either hear the objections as part of the normal procedure of the Traffic Court or more probably encourage the contending parties to reach an agreement. If no agreement is possible the Commissioners would of course have to reach a decision after hearing the arguments of all parties, but in the majority of cases this course is unnecessary. As the length of the service increases, the opposition to any decreases in fares tends to become greater because of the probability of numerous road and rail services being affected. Special machinery is, therefore, generally used for securing agreement on express and excursion fares.

For express services radiating from London national machinery for securing fare agreements is in existence. In December, 1931, a joint inquiry into the question of fares on express services held by the Commissioners of the Metropolitan and South-Eastern Areas led to the establishment of a Central Fares Committee with the main object of ascertaining whether it was possible for operators to reach some agreement as to minimum fares. As a result the

<sup>1</sup> See page 121.

express services radiating from London were divided into six districts or groups and a Regional Fares Committee set up for each. The committees are composed of all the operators who operate express and excursion services from London to places in the committee's area. The railway companies with similar services also appoint representatives. The procedure is for the committee to attempt to reach agreement as to what fares should be charged. The railway companies and stage-carriage operators concerned are asked to approve the agreed fares. Finally, as a result of these negotiations, recommendations are made which are sent to the Central Fares Committee for approval; if approved they next go to the Traffic Commissioners concerned. The recommendations are then published in the *Notices and Proceedings* and may or may not arouse objections. Generally, objection will be raised against certain of the proposed fares either by the railway companies or by some road operator whose agreement could not be secured by the Regional Committee.

Somewhat similar, though less complicated, machinery is in existence for securing agreed fare schedules in the case of other express and excursion services. As regards excursions operated from large towns it is usual for the Commissioners to encourage the operators to meet and agree on the fares to be charged to the different holiday and pleasure resorts. In this case also attempts are made by the operators to secure the agreement of stage-carriage operators and railway companies to their proposals.

Undoubtedly these agreements are welcomed by the Commissioners as easing their rather heavy tasks.<sup>1</sup> Changes in the excursion and express fares of one operator almost always affect the services of another operator or of a railway company. To hear and decide the applications and objections to every individual fare would be a lengthy and difficult process. Therefore, so long as the fares are not too high the Commissioners feel justified in accepting those on which the industry is agreed.<sup>2</sup> As to whether a proposed

<sup>1</sup> Cf. *Third Annual Report, South-Eastern Commissioners, 1933-4*, p. 66. "The Regional Committees on Fares . . . so far as they have been able to effect agreement . . . have considerably lightened the work of the Commissioners."

<sup>2</sup> Cf. *First Annual Report, Yorkshire Commissioners, 1931-2*, p. 24. ". . . in normal circumstances the question of fares is a matter for operators only and . . . our functions are normally limited to seeing that fares are not unreasonable to the public."

fare is too high the main standard appears to be whether the proposal represents an increase above the existing fare. If it does, the Commissioners would require strong proof before accepting it. Their reluctance will generally end in refusal if there is strong opposition from a local authority or some other body representative of passenger interests. The safeguards against the proposed fare being too low are mainly provided by the objections of the operators affected. The cost of operation and the average loadings vary not only between different types of service but also within services of the same type. The fares charged on a seasonal express service could often be fixed lower than if the service was operated all the year round. Similarly an excursion operator can often afford to charge lower fares than an express operator. In the regional or district committee the different operators propose such fares as are consistent with their costs and loadings. As a result the fares finally recommended will generally be a compromise,<sup>1</sup> higher than some and lower than other operators would have charged. The railway companies' attitude is naturally towards the highest road fares possible, whereas the road operators in this respect wish to keep their fares as low as possible; the result is again mainly a compromise.

Where all the parties (road and rail) affected by the fare proposal are in agreement it is comparatively easy to define the Commissioners' policy—generally the proposal for a fare reduction will be accepted. If there is not complete agreement the decision will depend on the circumstances of the application. Generally the Commissioners will sanction fare reductions if (a) they are part of a comprehensive scheme or (b) they are designed to eliminate serious anomalies, but not if they are designed merely to increase competition with other road operators or the railway companies.

It has proved more difficult to define and document the policy of the Commissioners and Minister as regards fares than as regards services. The cases involving fares which

<sup>1</sup> Cf. *Third Annual Report, Metropolitan Commissioners, 1933-4*, p. 73. "The system of regional committees with a central committee provided a channel for the expression of views based on the experience of the many varied types of operation, and for the reconciliation of conflicting proposals. The difficulties which arise from the differences in conditions of operation between high frequency express services operated throughout the year, low frequency express services, seasonal express services and seasonal excursions are very considerable, because running expenses, overhead costs and depreciation are all affected differently by the different methods of operation."

have come before the Minister on Appeal have either not been of first-class importance or have been decided on grounds other than those of general policy. In many respects, of course, decisions concerning fares are merely a particular application of the principles underlying the decisions on services, in particular the principle of protection. No doubt many important points will arise as soon as the Commissioners find time to go more deeply into the question of fares. It must be noted, however, that owing to much of the competitive adjustment of fares being more or less settled in ad-hoc committees and not in the Traffic Court, the public procedure is less detailed.

In one of the few Appeal cases<sup>1</sup> involving the question of fares the Minister's representative reported, "... considering that the former fares were fixed in 1931, put forward by a Regional Committee, on which all the Applicants were represented,<sup>2</sup> and approved by the Committee in 1932, I think that the real object of the Applicants is not to remove anomalies but to start a fresh competition with the Railways." The Minister supported his representative and ordered the Commissioners to reinstate the fares existing prior to the reduction. In another case<sup>3</sup> in which the railway companies also appealed against the Commissioners allowing a reduction in fares, the Minister's representative said that the circumstances were different from the previous decision: the reduced fares were not open to the objection of competition, the aim in this case being to get uniformity of basic charges. The Minister disallowed the Appeal. Two other examples of the attitude of the Commissioners and the Minister towards application for fare reductions which affect other operators may be quoted: through fares at less than summation, and "anywhere" tickets.

The first concerns the question of charging through and composite fares which are below the summation of the individual fares. For example, if the fare on a route from

<sup>1</sup> L.M. & S. Railway Co. and L. & N.E. Railway Co. *re* Orange Bros., and Others, R.V.A. 2532, September, 1934. The Minister's representative made a strong point of the fact that the reductions did not affect single tickets.

<sup>2</sup> In a case where a railway company did not agree to certain fare reductions, but the Commissioners were under the impression that it had agreed in the Regional Fares Committee, the Minister ordered the case to be re-heard. L.M. & S. Railway Co. *re* Allchins Coachways, R.V.A. 2596, March, 1934.

<sup>3</sup> L.M. & S. Railway Co. and L. & N.E. Railway Co. *re* North-Western Road Car Co., Ltd., and Others, R.V.A. 2753, September, 1934.



A to B is 10s. and on another route from B to C the fare is 15s., what should be the through fare between A and C? The Minister's first decision <sup>1</sup> mainly concerned a question of procedure. He decided it was only where the composite fare was less than the summation of individual fares that approval would be required of the Commissioners, who in determining whether to allow such fares "will doubtless give due weight to considerations of the convenience of the public as well as of avoidance of wasteful competition." In two later cases <sup>2</sup> certain operators appealed against the North-Western Commissioners, who by their refusal to allow through bookings except between any two points situated on the line of route of the main services, had eliminated reduced fares for feeder services. The Commissioners' attitude on this point was extremely interesting. In their observations they said, "By resorting to through bookings the appellants would be enabled to reserve to themselves passengers who otherwise would be free to travel on the one section of the route on the competitive services either by road or rail," and "whilst non-associated companies are operating vehicles only partially loaded the associated companies providing the connecting service will have to allocate additional vehicles to deal with through traffic, thus involving wasteful operation." The Minister's representative appeared to accept the Commissioners' view, but in "considering the history of the cases and the inconvenience to the public if the appellants are now prevented from doing what they have been doing in the past," he suggested the Appeal should be allowed. The Minister accordingly ordered the Commissioners to re-hear the applications for through bookings at less than the summation of the individual fares of sections of the route.

The problem of composite fares has also arisen in connection with road and rail excursions. The underlying idea of this joint arrangement is for the road service to act as a feeder to the railway. It is the practice of the railway companies to charge a lower fare for excursions and they desired that, through the companies with which they had entered into agreement, the road fares should be at least proportionately reduced. In the standard conditions for

<sup>1</sup> Elliott Bros. (Bournemouth), Ltd., R.V.A. 1145, January, 1933.

<sup>2</sup> Ribble Motor Services, Ltd., and Others, R.V.A. 2629, September, 1934, and West Yorkshire Road Car Co., Ltd., and Others, R.V.A. 2767, October, 1934.

this type of operation, adopted by all the Area Commissioners at a Chairmen's Conference, Condition 5 is to the effect that the combined road and rail fare is not to be less than the sum of the advertised return excursion railway fare from the local station and the ordinary road fare. This was done to discourage excessive competition with the local operators of excursions and tours.<sup>1</sup>

Two important Appeal cases have arisen out of the attempts by operators to introduce new special "anywhere" tickets. As previously explained, these tickets allow passengers to travel over all or a specified part of the operator's services an unlimited number of times during a specified period. In the first case<sup>2</sup> the Eastern Counties Omnibus Co., Ltd., applied for permission to issue daily tickets at 3s. 6d., permitting unlimited travel between 6.30 a.m. and midnight on the Company's services within one of four specified zones. The application produced some 70 objections. The Company stated that the major portion of the traffic attracted would be new, but both the railway company and the numerous operators who objected considered that they on their part would lose considerable revenue. The Eastern Commissioners refused the application as it would undermine the whole basis of excursion fares in the Area. The Minister upheld their decision on Appeal, whilst adding, "This decision must not, however, be interpreted as an expression of opinion by the Minister as to the general desirability or otherwise of 'anywhere' or 'zone' tickets. In his view the question whether such tickets should be authorised can only be determined in relation to the circumstances surrounding each particular application. . . ."

The second case<sup>3</sup> involved an application to introduce 8-day tourist tickets on any of 15 stage services. The observations of the Yorkshire Commissioners on the case are worth quoting almost in full:

"From the evidence before the Commissioners at the Public Sitting it is clear that the appellants are anxious to introduce the 8-day tourist ticket at a cost of 15s. in order to

<sup>1</sup> Cf. Proceedings before the Metropolitan Commissioner reported in *Motor Transport*, September 22, 1934. Cf. also R. H. Reeve, and Others, R.V.A. 2181, August, 1933, in which the Minister said he must not be taken as holding the view that the total fare should necessarily be the sum of the scheduled road fare and the advertised railway excursion fare.

<sup>2</sup> Eastern Counties Omnibus Co., Ltd., R.V.A. 2644, May, 1934.

<sup>3</sup> Ribble Motor Services, Ltd., R.V.A. 2653, August, 1934.

be in a position to meet the competition of the railway companies. But the Commissioners hold the view that, whatever competition may exist between the railways and the appellants, other road operators should not be permitted to suffer as a result of such competition, which would be wasteful. The introduction of the proposed new 'anywhere' tickets cannot but fail to take away passengers from existing road operators."

"... the Commissioners have simply authorised the continuance of 'anywhere' tickets in force at the time they took up office, but, as intimated above, they are of opinion that the introduction of the proposed new 'anywhere' tickets will involve wasteful competition."

"It is considered that 'cheap fare' holiday traffic should not be permitted to be attracted to a stage-carriage service at the expense of other stage-carriage services."

The railway company did not object and actually during the Appeal inquiry the point developed that only one stage-carriage operator had any grounds for objection. The company applying to introduce the tickets was in fact the only operator of stage-carriage services likely to be seriously affected. The Minister allowed the Appeal, though he added that he regarded "the issue of such tickets as an experimental arrangement and the proposal to extend it to the North-Western Area as one which may require special consideration."

#### *Relationship of Road and Rail Fares.*

In the statutory control of railways and tramways it is the practice of the controlling authority to fix maximum fares, the maximum being generally  $1\frac{1}{2}d.$  per mile for railways (third class) and  $1d.$  per mile for tramways. The Traffic Commissioners have the power to fix both maximum and minimum omnibus fares, but the obligation to prevent wasteful competition has caused them to concentrate either on actual or minimum fares. In the case of the mass of local stage-services the fare fixed is both a maximum and a minimum in that no deviation from it is allowed except by permission. Fares on seasonal services (particularly excursions) are, however, in some Areas regarded as a minimum which may be exceeded by the operator if he so wishes.

Closely allied to the question of a maximum fare per mile is the adoption of a uniform fare per mile. So far little has been done in this direction by the Commissioners. Of

the six Regional Fares Committees, only No. 4 (North-Western) has found it possible to recommend fares based on a uniform rate; in this instance 1*d.* per mile single; fare and a half for period returns; and fare and a quarter for day returns. Opposition to a uniform basis springs from the difficulties involved. The adoption of any such basis would almost certainly mean an increase in some fares even if it meant a decrease in others. The travelling public would object to the increases whilst the operators and railway companies would object to the decreases. Further, there is no general agreement as to what basic fare per mile should be adopted. The Commissioners appear to be generally agreed that 1*d.* per mile for single fares is reasonable, but their ideas on return fares appear to vary from 0·75*d.* per mile upwards.<sup>1</sup> There is no doubt that they use some such figures as a standard of reasonableness.<sup>2</sup> But the difficulties already mentioned, coupled with the fact that the Commissioners have had, as yet, little time to go deeply into the question of fares, have resulted in little progress being made in this direction.

Some indication of the nature of the problem underlying any attempt to introduce a standard rate per mile for road fares, especially in relation to rail fares, may be obtained from Table I, in which a comparison is made between the road and rail fares on the London-Warrington-Blackpool service.

There are two important conclusions to be drawn from the table. First, the road fare per mile varies considerably, the single fare from London being 1·23*d.* per mile to Coventry and 0·76*d.* per mile to Blackpool. Secondly, there is no direct relationship between single and return road fares, the single fare from London to Newcastle-under-Lyme and Warrington being 13*s.* and 15*s.* respectively, but the return fare is 22*s.* 6*d.* in each case. As the railway

<sup>1</sup> Cf. Observations of Northern Commissioners on the Appeal of the L.M. & S. Railway Co. *re* North-Western Road Car Co., Ltd., and Others, R.V.A. 2753, September, 1934. "The question of uniformity of charges in respect of road services has for some time past engaged the attention of the Commissioners, and while no definite rates have been agreed, it is generally considered that 1*d.* per mile single and 0·75*d.* per mile return is reasonable." And compare observations of the North-Western Commissioners on their part of the same Appeal, where they quote apparently with approval that the revised fares in their Area average roughly a 1*d.* a mile single and 0·85*d.* per mile return.

<sup>2</sup> Cf. *Second Annual Report, East Midland Commissioners*, 1932-3, p. 57. "The bulk of the Workers' fares in the Area have now been reviewed and unless the circumstances are exceptional, no return fares have been allowed at more than 0·75*d.* per mile."

TABLE I  
COMPARISON OF ROAD AND RAIL FARES—LONDON-WARRINGTON-  
BLACKPOOL SERVICE

	FARE PER MILE.													
	SINGLE.		RETURN.*		DISTANCE.		Single.		Return (Double Journey).					
	Road.	Rail.	Road.	Rail (Monthly Ticket).	Road.	Rail.								
	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.				
London to :														
Coventry .	9	6	11	9	15	0	15	9	93	94	1.23	1.5	0.97	1.0
Birmingham	10	6	13	11	16	6	18	9	111	111	1.14	1.5	0.81	1.0
Walsall .	11	0	15	2	17	6	20	3	120	120	1.10	1.5	0.88	1.0
Cannock .	12	0	16	1	20	0	21	6	128	128	1.13	1.5	0.94	1.0
Stafford .	12	0	16	9	21	0	22	6	137	133	1.05	1.5	0.92	1.0
Newcastle-u-														
Lyme .	13	0	18	6	22	6	24	9	153	148	1.02	1.5	0.88	1.0
Warrington	15	0	22	10	22	6	30	6†	188	182	0.96	1.5	0.72	1.0
Wigan .	15	0	24	3	25	0	32	6†	200	194	0.90	1.5	0.75	1.0
Chorley .	15	0	25	4	25	0	34	0†	209	202	0.86	1.5	0.72	1.0
Preston .	15	0	26	3	25	0	35	0†	218	209	0.86	1.5	0.69	1.0
Lytham .	15	0	27	11	25	0	37	3†	228	223	0.79	1.5	0.66	1.0
St. Annes-on-														
Sea .	15	0	28	3	25	0	37	9†	232	226	0.78	1.5	0.65	1.0
Blackpool .	15	0	28	5	25	0	38	0†	238	227	0.76	1.5	0.63	1.0

\* Railway Monthly Tickets are available for return within one calendar month of date of issue. There is no time limit on road returns on this service. The railway ordinary return fares are generally double the cost of single and are available for return within three calendar months.

† Cheap seventeen-day tickets at approximately single fare for the return journey are available on certain night trains in connection with these stations.

fare per mile is uniform it follows that, regarded purely from the aspect of fares charged, competition between road and rail is of irregular intensity. Actually the road fares show a marked decline as the distance from London increases, so the difference between the two sets of fares increases correspondingly. The inducement to travel from London to Preston and Blackpool by road is greater than from London to Coventry and Birmingham. The railway company has recognised this by introducing special 17-day night-return fares approximating to the single railway fare, so that in one case (London-Wigan) the rail return is slightly below the road return. In addition to the single and period return fares between London and the places on this route, there is also a variety of cheap fares to attract the excursion traffic. The railway fare in these cases is generally much below the road fare.

It is clear that, on this service at least, the financial inducement to travel by the one service or the other depends

not only upon the place of destination but also upon whether the person wishes to return, and if so, within what period, and whether he can or desires to travel at night or during the day. For example, if a person desires to travel from Wigan to London but only requires a single ticket, it is cheaper to go by road. If he requires a return ticket, it is cheaper to go by road should he not wish to travel at night or should he wish to stay in London longer than 17 days: otherwise, it is cheaper by rail. If he wishes to stay in London longer than a month it is much cheaper to go by road, for otherwise he would be required to pay the ordinary railway return fare of  $1\frac{1}{2}d.$  per mile as against  $0.75d.$  on the motor coach. If differences in cost were the passenger's sole consideration, the functions of road and rail would be decided on the type of the passenger carried rather than on the places between which each would run. Actually, of course, other considerations come into play, for road and rail transport, though performing the same function, nevertheless perform it in different manners. There are many people for whom the extra cost of going by rail is counter-balanced by the greater comfort and speed of travel. There are also many people who would prefer to travel by road, even if the cost were the same as by rail, either because the motor coach is more convenient or because they like to view the country-side through which they journey.

This leads to a consideration of the general relationship between road and rail fares. It is both easier and more necessary to make this comparison for distance than for local services. There is frequently no rail fare to correspond with local bus-fare stages, and even where the two fares appear to cover the same facilities, such questions as season tickets, cheap day tickets and the proximity of the passenger to either form of travel are factors which make clear-cut comparisons extremely difficult. In Table II, therefore, the comparison is confined to the fares charged on express road services and on the corresponding railway services.

The absence of a uniform relationship between road and rail fares is again revealed. In general, there are three noticeable features: (1) the average road fare is always appreciably below the average rail fare<sup>1</sup>: (2) the difference

<sup>1</sup> Day return tickets and fares of an excursion character were excluded owing to their variety and difficulties of comparison. In fairness to the railway companies, therefore, it must be pointed out that they generally have an appreciable advantage over road operators in respect of fares of this special character.

TABLE II  
COMPARISON OF ROAD AND RAIL FARES \*  
*Express Services radiating from London*

Railway Fares.	Number of Cases.	RAILWAY. Average Fare. (Third Class.)	ROAD. Average Fare.	Difference between Rail and Road Fares.	Per cent Road Fare less than Railway Fare.
		<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	Per cent.
<i>Single.</i>					
10s. and under . . .	34	6 4	4 7	1 9	27·6
10s. 1d. to 20s. . .	28	15 0	9 11	5 1	33·9
20s. 1d. to 30s. . .	20	24 0	15 7	8 5	35·1
30s. 1d. to 40s. . .	6	33 9	22 2	11 7	34·3
40s. 1d. to 50s. . .	3	46 0	31 2	14 10	32·2
Over 50s. . . . .	3	57 3	36 0	21 3	37·1
Average . . . . .	94	17 4	11 6	5 10	33·7
<i>Period Return.</i>		(Monthly ticket)			
13s. 4d. and under	34	8 9	7 8	1 1	12·4
13s. 5d. to 26s. 8d.	28	20 2	16 5	3 9	18·6
26s. 9d. to 40s. . .	20	32 1	25 3	6 10	21·3
40s. 1d. to 53s. 4d.	6	45 0	38 2	6 10	15·2
53s. 5d. to 66s. 8d.	3	61 6	51 4	10 2	16·5
66s. 9d. and over	3	76 6	60 5	16 1	21·0
Average . . . . .	94	23 3	19 0	4 3	18·3

\* Sources and method of compilation : Every tenth fare in the index to the time-table of the London Coastal Coaches, Ltd., was taken and the corresponding railway fare taken from the A B C railway guide. It is, therefore, a random sample of over 900 express road fares.

is almost twice as great for single as for return tickets<sup>1</sup>; (3) there is a marked tendency for the difference to increase as the distance travelled increases. These features appear to make it clear that there is no case for charging the fares on road and rail distance services at the same basic rate per mile. To bring the road fares up to the level of the railways would mean increases of 50 per cent in single fares and over 20 per cent in return fares. To reduce the railway fares to the level of the roads would mean decreases of 33 per cent in single and 18 per cent in return fares (monthly tickets).

<sup>1</sup> Had the comparison been made with the railway ordinary return fare the average road return fare would have shown a greater percentage difference than the single ticket.

Hardly less difficult would be the fixing of a basic fare for road distance services which would bear a fixed relationship to the railway fare. Table III shows the average fares per mile for the road services included in Table II.

TABLE III  
AVERAGE FARE PER MILE—DIFFERENT DISTANCES BY EXPRESS  
ROAD SERVICES

Number of Cases.	Average Distance.	Average Road Fares per Mile.	
		Single.	Period Return.
	Miles.	<i>d.</i>	<i>d.</i>
34 . . . . .	50	1.10	0.92
28 . . . . .	120	0.99	0.82
20 . . . . .	192	0.97	0.79
6 . . . . .	270	0.99	0.85
3 . . . . .	368	1.02	0.84
3 . . . . .	458	0.94	0.79
94 . . . . .	139	1.00	0.82

(Compiled on the basis of Table II. The average distance was obtained by reckoning the average third-class rail fare as 1½*d.* per mile single and 1*d.* per mile return (double journey). The mileage thus obtained was assumed to be the same for the road services and the road fare per mile ascertained accordingly.)

If the figures in Table III can be accepted as representative, the average fare for express services is about 1*d.* per mile single and around 0.82*d.* per mile for period returns. Within these averages there are fairly wide differences, the range being 0.94*d.*–1.10*d.* for single fares and 0.79*d.*–0.92*d.* for period-return fares. Any attempt to unify all road fares on the basis of, say, 1*d.* and 0.8*d.* per mile for single and period return, respectively, would thus involve large increases in some fares and large decreases in others. In particular, it would mean that the competition of road with rail would be increased on the short express services and decreased on long express services. As the former comprise the majority of express services, the net result would be a considerable increase in road competition.

Two other difficulties are involved in any attempt to fix a uniform basis for road and rail fares. First, there are the



different conditions attached to road and to rail fares. Attention has already been drawn to the differing lengths of time during which period return tickets are available. Railway return tickets are available for return within 3 months (ordinary), 1 month (monthly ticket) and 17 days (special ticket available between London and certain towns if the passenger travels on certain night trains). Road period-return tickets are often of unlimited availability, but the period may be 3 months or less, according to the service on which the passenger travels. Children's fares are another example. The standard railway conditions allow children to travel free under 3 years of age and at half fare between 3 and 14 years. The conditions attached to road services differ: the maximum age under which children are allowed to travel free is generally either 3 or 5 years, from which age up to 14 they can generally travel at half or two-thirds the ordinary fare. In addition there is a variety of types of restriction either limiting the number of children per adult or in some way ensuring that children do not take up seats required by full-fare paying passengers. Other examples which might be instanced of the different conditions attached to road and rail fares concern the carriage of dogs and passengers' luggage, advance booking, reservation of seats, and the breaking of the journey at points on the route.

The second difficulty is that the different services are not in the hands of the same operator. Assuming the present fares to be related to actual costs, it follows that any decreases in fares will make certain services unremunerative. Were all the services to be owned by the same operator, these losses would be counterbalanced by the increased profits on the services on which fares had been increased. This difficulty has arisen whenever even small attempts have been made to reach agreement on a uniform fare basis. In the present position of the industry it presents an insuperable obstacle.

To sum up: the level of fares existing early in 1931 was generally accepted by the Commissioners. Any increase in fares above this level has generally been discouraged. Any decrease in fares below this level has generally only been sanctioned where no competitors are affected, or where competitors, if affected, do not raise strong objections. No general attempt has been made to fix a uniform relationship between road and rail fares. At the present moment fare

competition between road and rail varies considerably, mainly according to the distance to be travelled and to the various conditions attached to the ticket. Any attempt to arrive at a uniform relationship would mean a large increase in road fares if the present railway fares were taken as a basis ; a large decrease in rail fares if the present road fares were taken as a basis ; and a readjustment of competition if a basic rate of, say, 1*d.* a mile single and 0·8*d.*–0·85*d.* per mile return was used for road fares. Either the second or third of these steps would intensify road and rail competition on the relatively important short express services. Finally, the fact that road services are in different hands makes it almost impossible for any uniform basis to be adopted at the moment, even if this was desirable.

## CHAPTER XIII

### THE GENERAL EFFECTS OF STATUTORY CONTROL

PRECEDING chapters have described the manner in which the road passenger transport industry is controlled and some of the results of this control. Other general effects of the Road Traffic Act, 1930, now remain to be considered. How far has the competitive position between the rival passenger transport services been altered by this legislation? Is it possible to discern any changes in the rates of growth or decline of road, rail, tram, and trackless trolley services which can confidently be attributed to the Act? Has it affected the structure of the road passenger transport industry by modifying the balance between large- and small-scale operation or between local authority and private operation?

Quantitative answers to these questions will be attempted in this chapter, but certain fundamental difficulties must be borne in mind. The available statistics are fairly complete for the years following 1930; they are not nearly so adequate for earlier years, so that comparisons of trends are made hazardous. Moreover, after 1930 there were elements in the situation, not connected with the new system of regulation, which were affecting all forms of public road transport, and the influence of these cannot be completely identified and eliminated.

The year 1930 saw the beginning of intensified trade depression. In January of that year the percentage of insured workpeople recorded as unemployed was 12·3 per cent, but by the following January this figure had increased to 20·9 per cent and continued at this high level until early in 1933, after which it began to decline. The effect this had on purchasing power is no doubt mitigated by unemployment benefit and public assistance, but it must have produced some diminution of expenditure on transport. Again, the number of private cars in use increases steadily and the introduction of small, cheap models has brought them within the reach of people lower down the income scale. A certain decline in the demand for public passenger

transport may, therefore, be attributed to this. It seems almost certain, in addition, that the increased use of bicycles, in recent years, has resulted in some decrease in public passenger transport receipts.

Some indication of the net effect of such general factors is provided by Table I below, which gives the passenger receipts of the four main forms of public passenger transport for the three years 1931-3. Taking the four types of service together, the decline in receipts amounted to 3·7 per cent between 1931 and 1933, but there was a sharper reduction between 1931 and 1932 than between 1932 and 1933. The decline in receipts, of course, does not necessarily prove that passengers were using these services less; it may merely point to a reduction in fares. Actually the number of passenger journeys in the four services dropped by about 1 per cent between 1931 and 1933.<sup>1</sup> It can therefore safely be concluded that in this period passenger transport services

TABLE I  
PASSENGER RECEIPTS OF FOUR MAIN FORMS OF PUBLIC PASSENGER  
TRANSPORT

	Years ending December 31.			Percentage Increase (+) or Decrease (-), 1931-3.
	1931.†	1932.†	1933.†	
	£	£	£	Per cent.
Public service vehicles . .	58,397,279	58,207,546	57,916,846	- 0·8
Railways * . .	54,199,089	50,908,991	51,124,598	- 5·7
Tramways * . .	16,914,316	15,621,198	15,319,968	- 9·4
Trackless trolleys * . .	1,036,841	1,180,842	1,367,107	+ 31·9
	130,547,525	125,918,577	125,728,519	- 3·7

(Compiled from the Annual Reports of the Traffic Commissioners, the Annual Railway Returns and the Tramways, Light Railways and Trackless Trolley Annual Returns.)

\* Excluding undertakings transferred to the London Passenger Transport Board.

† Years ending March 31, 1932-3-4, in the case of local authority tramway and trackless trolley undertakings.

<sup>1</sup> The total passenger journeys for the four main forms of public passenger transport fell from 9,679 million in 1931 to 9,516 million in 1932, and rose slightly to 9,579 million in 1933.

did not expand : the competition between the new and old forms of transport was going on in a market which, at least temporarily, had ceased to grow. In such circumstances, conclusions, which in any case have to be drawn from a limited experience of three years, must necessarily be only tentative.

#### SERVICES

##### *Railways.*

It is hardly open to doubt that the Road Traffic Act has helped the railways in several directions. The machinery of the Act whereby road operators are often required to produce operating statistics to justify their application has given the railway companies some indication of the strength and weaknesses of their chief competitor. These operating statistics usually show not merely the numbers carried during the year but also the main times at which they are carried and, therefore, must often provide the railways with the data for modifying their own service or introducing a special fare to attract the traffic so revealed. Further, the railway companies have had a considerable voice in the fixation of public service vehicle fares, and the Commissioners have not always been disposed to allow the fares so fixed to be reduced merely because the railways have subsequently reduced their fares. Hence what might have been the normal response of road operators, i.e. reduction of fares, has in some measure been prevented, a fact which must have increased the effectiveness of the railway policy. In general, the policy of the Road Traffic Act has prevented any large extension of road competition beyond the 1931 level, while at the same time it has made it easier for the railways to attack this level.

On the other hand, the progressive policy of the railway companies in recent years must not be overlooked. No general reduction in ordinary railway fares has taken place during this period, but under their powers of making exceptional fares the companies have fixed low competitive special fares. The proportion of ordinary passengers (excluding workmen and season-ticket holders) carried at standard fares has fallen every year ; in 1928 it was 34·86 per cent, falling to 25·58 per cent in 1930 and to 16·57 per cent in 1933. This reduction has been due to the much greater provision of cheap day, half-day and period excursion ticket facilities. In 1928, 53 per cent of the ordinary passen-

gers travelled at excursion fares, but this figure, increasing to 62 per cent in 1930, had become 74 per cent in 1933.

It is not to be expected that railway statistics would, in consequence of these changes, show any radical changes in trend. Actually, railway passenger receipts declined in every year from 1924 to 1932.<sup>1</sup> But it is at least significant that in 1933, for the first time since 1924,<sup>1</sup> they did show a slight increase and, since in this year the passenger receipts of public service vehicles declined, there is a strong presumption that through their own efforts, combined with the assistance afforded to them by the Act of 1930, the railways will at least be able to check a decline in passenger receipts which has, for nearly a decade, been continuous.

#### *Tramways and Trackless Trolleys.*

Turning now to tramways and trackless trolleys, it has already been shown in Table I that between 1931 and 1933 tramways suffered a substantial decline in receipts, whilst trackless trolleys, although small relatively to the other services, recorded a large percentage increase. The decline in the case of tramways is bound up with the abandonment of routes. Table II below shows that the number of route miles open for traffic declined by 12·7 per cent between 1931 and 1933. A part of this abandonment, of course, has worked to the advantage of trackless trolleys and is reflected in the favourable figures for this latter type of service, but a rough estimate suggests that, of the total decline in tramway receipts in this period, about three-quarters involved a transfer to buses.<sup>2</sup>

A further important suggestion is raised by Table II. Between 1927 and 1931 there was an increasing tendency to abandon tramways. Had this continued at the same rate, tramways would have disappeared within ten years. But since 1932 the rate has apparently slowed down. It is tempting to attribute this to the operation of the 1930 Act, but it seems likely that this was not the only force at work. True, a policy protecting tramway systems has been followed by the Traffic Commissioners, but other considerations may

<sup>1</sup> Actually there was an increase in 1927, but this was due to the effect of the General Strike on the 1926 figures.

<sup>2</sup> Between 1931 and 1933 tramway receipts declined by £1,595,000. The increase in trackless trolley receipts due to substitution is probably about £220,000. This leaves £1,375,000, or if allowance is made for decline in demand, about £1,300,000 as the increase in bus receipts due to the replacement of trams by buses.

TABLE II

TRAMWAYS AND TRACKLESS TROLLEYS—ROUTE MILES OPEN FOR TRAFFIC,\* 1927-33

	TRAMWAYS.			TRACKLESS TROLLEYS.		
	Route Miles.	Annual Decrease.		Route Miles.	Annual Increase.	
		Miles.	Per-centage.		Miles.	Per-centage.
1927 . .	2,168·76	—	—	111·34	—	—
1928 . .	2,073·67	95·09	4·4	132·63	21·29	19·1
1929 . .	1,978·89	94·78	4·6	168·76	36·13	27·2
1930 . .	1,818·72	160·17	8·1	193·70	24·94	14·8
1931 . .	1,647·97	170·75	9·4	238·73	45·03	23·2
1932 . .	1,532·93	115·04	7·0	262·40	23·67	9·9
1933 . .	1,438·72	94·21	6·1	312·98	50·58	19·3

(Compiled from the Tramways, Light Railways and Trackless Trolley Annual Returns.)

\* Excluding undertakings transferred to the London Passenger Transport Board.

explain the figures. Tramways require a comparatively heavy volume of traffic before they can be remunerative and hence the smaller the traffic the greater the opportunity to abandon them. The earliest abandonments, therefore, tended to be in the smaller towns or on the sparsely populated routes. Obviously, as the large towns and thickly populated routes are reached, abandonment is not so readily undertaken and decline will be slowed down. It is also important to note that even before 1931 most local authorities took steps, as licensing authorities, to protect their tramways, though weaknesses in the law allowed an important measure of competition by the so called "pirate" buses.

The figures of trackless trolley route-miles show an upward trend with a fluctuating annual increase. No marked difference is noticeable between the period before and after 1931. The differences between individual years are so small that the decision of one local authority or company might sway the balance either way. As the majority of trackless trolley routes are in substitution for tramways it might have been expected that the two sets of figures would fluctuate together, though here again the annual differences are small enough to be affected by the

action of a single tramway authority. Certainly the Road Traffic Act has given a new advantage to trackless trolley operation. Apart from any question of protection from motor omnibus competition, the fact that trackless trolley services are not under the control of the Traffic Commissioners has undoubtedly led to the operation of this form of transport, not only when tramways are abandoned but also when entirely new routes are necessary.

#### *Public Service Vehicles.*

The absence of comprehensive statistics for the period preceding 1930 makes it difficult in the case of road passenger transport to place the subsequent events in their right background. It has already been shown in Table I that the total passenger receipts of public service vehicles decreased by 0·8 per cent between 1931 and 1933. But how violent a reversal of fortune was this? How rapidly were passenger receipts increasing before 1931? Only a rough estimate can be made here, but it appears safe to assume that public service vehicle receipts increased by about 8 per cent between 1929 and 1930 and by about 2 per cent between 1930 and 1931,<sup>1</sup> despite the fact that, in these years, the total amount spent on all forms of public passenger transport was almost certainly declining. Whether the expansion in bus receipts would have continued if industrial depression had not supervened is impossible to say, but at least an upward movement in 1933, consequent upon falling unemployment, might have been expected. The presumption is that the Act of 1930 slowed down the expansion that would otherwise have taken place.

A more detailed analysis of the road traffic statistics, shown in Table III, brings out other suggestive facts. The

<sup>1</sup> The estimate has been made as follows: The total passenger receipts of railways, tramways and trackless trolley vehicles for 1929 were £83 million, and for 1930 £78 million. If the total expenditure on public passenger transport is taken as no higher than in 1931, this would leave public service vehicle receipts as only £48 million in 1929 and £52 million in 1930. Neither of these figures can be regarded as accurate. First, because it seems hardly possible that public service vehicle receipts increased by some 20 per cent between 1929 and 1931. Secondly, they take no account of the almost certain decrease in total expenditure on passenger transport due to trade depression. If generous allowance is made for this by estimating a somewhat similar decrease in total receipts between 1929-30-1 as between 1931-2, say £5 million per annum, even this would only increase the public service vehicle receipts to less than £53 million in 1929 and slightly over £57 million in 1930. The receipts for 1931 were £58 million.



different types of road passenger service did not, between 1931 and 1933, share the same fortune. The stage-carriage passengers increased in number by 2·9 per cent. This increase is due mainly to the transfer of passengers from tram to bus. It can be estimated that but for this transfer the number of stage-service passengers would have declined by about 2 per cent.<sup>1</sup> On the one side, therefore, short-distance bus traffic was gaining at the expense of trams. On the other hand, the three long-distance or more seasonal types of services—ordinary express, excursions and tours, and contract<sup>2</sup>—show a decline, taken together, of about 1 per cent in the number of passenger journeys. In the circumstances this is surprisingly small, for these services cater for the luxury traffic, and are, therefore, more likely to suffer from trade depression, and, in addition, they have felt the full brunt of the railway fare reductions directed specifically against them.

If it is true that, in this period, the shorter distance road services were gaining some ground and the longer distance services losing it, this should reveal itself in a reduction in the average length of journey. Table III shows that, taking all road services together, the total passenger journeys increased by 2·8 per cent, whilst the receipts declined by 0·8 per cent. This might be due to either or both of two factors; a decrease in the level of fares or a decrease in the average distance travelled. There is every reason to believe that the latter is the main factor. There has been little change in the level of fares between 1931 and 1933. There has, however, been a decrease in the average distance

<sup>1</sup> Using the method on page 172, which was adopted in adjusting receipts, the number of passenger journeys transferred between 1931 and 1933 from tram to bus was 250 million. If this is deducted from the 1933 total of stage-carriage passenger journeys it reveals a decline between 1931 and 1933 of about 2 per cent.

<sup>2</sup> It must be pointed out that there is a possibility of transfer between these services which may impair comparisons between them. The dividing-line between stage and express services being a shilling minimum fare, it follows that a rearrangement of fares may result in a different type of licence being required. A transfer may also occur between ordinary express and excursions and tours, for it depends somewhat upon the opinion of the Traffic Commissioners as to which type of licence is granted. In both these cases it is possible for the transfer to act either way, and no indication can be given of the net effect. As regards transfers between contract carriage and other services, it is highly probable that many services considered to be contract in 1931 were run as licensed services, especially under excursion licences in 1933; this must largely account for the decrease in contract carriage passengers and for a corresponding portion of the increase in excursion passengers.

TABLE III  
PUBLIC SERVICE OPERATION—ALL OPERATORS  
*Changes in the Volume of Passenger Journeys and Receipts  
between 1931 and 1933*

	Years ending December 31.		Increase (+) or Decrease (-), 1931-3.	Percentage.
	1933.	1931.		
<i>Passenger Journeys.</i>				
Stage . . . .	5,335,248,265	5,185,735,251	+ 149,513,014	+ 2.9
Express . . . .	16,958,228	*18,612,415	- 1,654,187	- 8.9
Excursions and Tours . . . .	16,794,262	*14,586,047	+ 2,208,215	+ 15.1
Contract . . . .	49,273,252	50,541,894	- 1,268,642	- 2.5
All services . .	5,418,274,007	5,269,475,607	+ 148,798,400	+ 2.8
<i>Passenger Receipts.</i>				
Stage . . . .	£ 50,951,021	£ 50,576,475	+ £ 374,546	+ 0.7
Express . . . .	2,656,217	*3,331,196	- 674,979	- 20.3
Excursions and Tours . . . .	1,787,614	*1,634,910	+ 152,704	+ 9.3
Contract . . . .	2,521,994	2,854,698	- 332,704	- 11.7
All services . .	57,916,846	58,397,279	- 480,433	- 0.8

(Compiled from the *Third Annual Reports of the Traffic Commissioners, 1933-34.*)

\* Estimated. In 1931 these two services were combined under the single heading of express services. The estimate is based on the proportions obtaining in 1932.

travelled on the longer distance services. If the three seasonal services are grouped together they show an aggregate decline in passenger receipts of £855,000, or nearly 11 per cent, as against a less than 1 per cent decrease in passengers carried. This speaks of a considerable decline in the average length of the longer journeys. Even the stage services show an increase in receipts of only 0.7 per cent as against an increase in passengers of 2.9 per cent, and here again the same cause must be at work. The average receipts per passenger journey are another guide to the distance travelled (always assuming a constant fare-level). The average for all services in 1931 was 2.66*d.* as against 2.57*d.* in 1933, the stage-carriage average falling from 2.34*d.* to 2.29*d.* and the average for all other services from 22.4*d.* to 20.1*d.* per passenger journey. Clearly, the increase in the number of passenger journeys is misleading,

as evidence of the growth of the industry during 1931-3; if statistics of passenger miles were available they would in all probability show a decline during this period.

Altogether, then, an examination of the relevant statistics for 1931, 1932, and 1933 reveals no striking changes in the competitive position in passenger transport arising out of the Road Traffic Act, 1930. The Act has undoubtedly aided the railways and their favourable showing in 1933 has in part been due to it. Buses have gained traffic at the expense of tramways, but it appears that the new system of regulation may be slowing down the rate of replacement somewhat. Trackless trolley services have expanded at a probably greater rate than would have been the case if buses had not been subject to a control from which the trackless trolleys are free. Road passenger transport, increasing between 1929 and 1931, declined slightly up to 1933. It seems reasonable to assume that but for the Act that reversal of trend would not have been so marked. Within the road passenger transport industry itself, a swing-over is noticeable to short-distance services, where tramways are being displaced, and from longer distance services, where railway competition has perhaps been most successful. This change again is one which, at least in part, can be fairly considered as a consequence of the 1930 legislation.

#### OPERATORS

In a consideration of the changes which have occurred in the number and size of road transport operators since 1931 it is better to treat local authority and private operation separately. Local authorities, by reason of their being confined to stage-carriage services of a local character, occupy a sheltered position in the industry. There has been little change in their position since 1931. The number of local authorities (including joint committees of railway companies and local authorities) was 97 in 1931 and 95 in 1933, a decline of 2.1 per cent. Vehicles owned increased from 5,397 to 5,780, or by 7.1 per cent during the same period. These are net results: towns such as Luton, where omnibuses have been substituted for tramways, are newcomers since 1931, whilst part of the decline is due to the formation of the Burnley, Nelson and Colne Joint Committee. The average number of vehicles owned was 55.6 in 1931 and 60.8 in 1933, whilst 11 local authorities owned 100 or more vehicles in 1931 as against 15 in 1933.

Private operation requires a more detailed treatment, and in Table IV an analysis is given for 1931 and 1933 of the number and size of private operators.

TABLE IV

*Analysis of Private Road Operators according to Number of Vehicles Owned, at December 31, 1931 and 1933*

Number of Vehicles Owned by Each Operator.	Number of Operators.				Number of Vehicles Owned.			
	1931.	1933.	Increase (+), Decrease (-).	Per-centage.	1931.	1933.	Increase (+), Decrease (-).	Per-centage.
Nil . . . .	—	10	+ 10	—	—	—	—	—
1 . . . . .	2,778	2,580	- 198	- 7.1	2,778	2,580	- 198	- 7.1
2 . . . . .	1,351	1,178	- 173	- 12.8	2,702	2,356	- 346	- 12.8
3 . . . . .	758	714	- 44	- 5.8	2,274	2,142	- 132	- 5.8
4 . . . . .	420	407	- 13	- 3.1	1,680	1,628	- 52	- 3.1
5-9 . . . .	685	608	- 77	- 11.2	4,233	3,789	- 444	- 10.5
10-14 . . .	155	140	- 15	- 9.7	1,793	1,623	- 170	- 9.5
15-19 . . .	69	53	- 16	- 23.2	1,140	881	- 259	- 22.7
20-24 . . .	40	27	- 13	- 32.5	868	606	- 262	- 30.2
25-49 . . .	53	35	- 18	- 34.0	1,747	1,153	- 594	- 34.0
50-74 . . .	17	18	+ 1	+ 5.9	1,105	1,099	- 6	- 0.5
75-99 . . .	10	7	- 3	- 30.0	845	592	- 253	- 29.9
100-149 . .	13	11	- 2	- 15.4	1,710	1,317	- 393	- 23.0
150-199 . .	10	9	- 1	- 10.0	1,764	1,533	- 231	- 13.1
200-499 . .	15	15	—	—	4,485	4,466	- 19	- 0.4
500-999 . .	11	10	- 1	- 9.1	7,114	6,594	- 520	- 7.3
1,000-1,999 .	—	1	+ 1	—	—	1,023	+ 1,023	—
Over 2,000 .	1	1	—	—	4,841	6,159	+ 1,318	+ 27.2
	6,386	5,824	- 562	- 8.8	41,079	39,541	- 1,538	- 3.7

(Compiled from the *Third Annual Reports of the Traffic Commissioners, 1933-4*. The 1933 figures have been adjusted to allow for (a) returns received after the publication of the Reports and (b) certain errors in the figures relating to the London Passenger Transport Board.)

The table indicates clearly the decline which has taken place since 1931 in the number of private operators and their vehicles. The industry is smaller by 562 operators and 1,538 vehicles.<sup>1</sup> The percentage decline in operators is 8.8 per cent as against a 3.7 per cent decline in vehicles, and as a result the average number of vehicles owned per operator has slightly increased from 6.4 to 6.8. The greatest actual decline in operators is shown in the smallest size

<sup>1</sup> For an explanation of the decline in the number of vehicles, see Chapter VIII.

units. Operators owning only 1 and 2 vehicles show a decline of 198 and 173 respectively, and together account for 371 or 66 per cent of the total decline. If, however, the decline in the different size groups is measured as a percentage of the 1931 figures, the greatest decline is not in the smaller but in the medium-sized groups. The three groups, 15-19 vehicles, 20-24 vehicles and 25-49 vehicles, show a percentage decline, taken together, of 29 per cent, whilst the 1-, 2-, 3-, and 4-vehicle operators together have declined only 8.1 per cent, a figure actually smaller than the general decline in all operators.

One important factor in the fall in the number of operators and vehicles is the establishment of the London Passenger Transport Board in 1933. At the end of 1933, 64 omnibus and coach undertakings had been transferred to or acquired by the Board, so that this amalgamation accounts for a ninth part of the decline in operators. The size of the individual concerns which disappeared as a result is given in Table V.

TABLE V

LONDON PASSENGER TRANSPORT BOARD

*Number of Omnibus and Coach Operators wholly transferred to or acquired by the Board at December 31, 1933, analysed according to the Number of Vehicles transferred or acquired*

Number of Vehicles Transferred or Acquired.	Number of Operators.	Total Number of Public Service Vehicles Concerned.
1 . . . . .	8	8
2 . . . . .	13	26
3 . . . . .	12	36
4 . . . . .	5	20
5- 9 . . . . .	7	48
10- 14 . . . . .	5	60
15- 19 . . . . .	2	34
20- 24 . . . . .	2	41
25- 49 . . . . .	5	170
200-499 . . . . .	4	1,339
1,000 and over . . . . .	1	4,328
	64	6,110

It is clear from an examination of Table V that the formation of the Board does not account for the disparity in the rate of decline between different-sized groups. If

allowance is made for the number of operators taken over by the Board, the percentage decline of the 15-19, 20-24 and 25-49 vehicle groups falls from 29 per cent to 23 per cent, whilst the percentage decline of the operators owning 1-4 vehicles falls from 8 per cent to a little over 7 per cent. The table also reveals that the formation of the Board counterbalanced an increase of 4 in the 200-499 size group, as in the total figures given in Table IV this group shows no change, whereas four operators of this size were taken over by the Board.

Some part of the greater rate of decline in the middle groups can be accounted for by the greater economy in the use of vehicles since 1931, which has allowed many operators to reduce the size of their fleet. Undoubtedly the consequent transfer of operators from groups of a larger to groups of a smaller size is one explanation of the higher percentage decline in certain of the groups. The small percentage decline in the 4-vehicle group is probably due to this factor.

A trend in the opposite direction has been the continued movement towards amalgamation into large units. The acquisition of operators by the larger operators has hardly touched the mass of excursion and private hire work, mainly conducted by firms with one or two vehicles only, but has been concentrated on the regular stage and express services, largely because the latter offer the greatest advantage for co-ordinated large-scale operation. Absorption into a large-sized undertaking is probably the main reason for the decline in the number of operators owning from 10 to 49 vehicles. It is, however, an interesting possibility that the marked decline in the 15-19, 20-24, and 25-49 vehicle groups may partly be due to the fact that operation on this scale lacks the advantages of both large- and small-scale operation. Excluding the changes arising out of the formation of the London Passenger Transport Board, there is a net decline of 499 operators between 1931 and 1933. No detailed information is available regarding these operators, and it is impossible to ascertain the exact reason for their disappearance. Nevertheless, it is certain that a large portion of this decline is due to the merging of the services of small operators with those of large operators. The Annual Reports of the Traffic Commissioners and the technical press abound with details of absorptions. In one respect the Road Traffic Act, 1930, added to the possibility of an operator being bought out rather than compelled to

close down. Once he has secured a road service licence from the Commissioners, an operator is to a large extent protected from competition. When two or more operators are concerned with the same route, some allocation of services, either agreed or imposed, is made by the Commissioners. Owing to the nature of omnibus costs such a division may be, and in fact frequently is, disadvantageous to the operators concerned, and in normal circumstances each would try to run the other off the route. The licensing system makes this impossible and, therefore, the alternative is a merger of services in which the larger operators usually agree to buy out the smaller, providing the Commissioners agree to the road service licence being transferred. In other respects the Act has probably retarded the amalgamation movement. The licensing system has prevented that fierce competition which before 1931 frequently resulted in either amalgamation or bankruptcy. And the restriction on new entrants has added an increased value to the goodwill of an established service which may be so high as to eliminate the possible financial gain from acquisition.

The absorption of small by large operators does not account for all the decline. Some firms have discontinued operation owing to financial difficulties, a factor which may also have been the motive force behind many of the absorptions. In every competitive industry there is a turnover of the firms engaged in it; the weaker firms withdraw and new firms enter. This, of course, is especially the case where, as in road passenger transport, competition is intensified by the peculiar incidence of overhead costs. No data are available prior to 1931 by which this rise and fall can be measured; nevertheless, even though the industry was expanding, the number of operators ceasing to exist each year must have been fairly high. Moreover, 1932 and 1933 have been years of difficulty for the industry, and the number of firms going out of existence will have been increased, although the licensing system, introduced in 1931, by minimising competition, will have partly offset this.

The direct effects of the Road Traffic Act have probably been of a negative rather than of a positive character. The licensing system has made it extremely difficult for new concerns to enter the industry; as a consequence any absorption or bankruptcy almost always represents a net decline in the number of operators. There have been a few new entrants (mainly operating contract carriages)

but certainly not as many as there would have been without the licensing system. The direct effects of the Act are the most difficult to estimate. In some cases the Act may have encouraged amalgamation, but it has probably not done so on the whole. Even in the face of the industrial depression, the intensifying of railway competition, the number of absorptions and the restriction of internal competition, the net decline of 499 operators (excluding the London Passenger Transport Board concerns) within two years is still quite appreciable. Part of it is attributable to the refusal of the Commissioners to grant licences to some operators. Thus in the North-Western Area,<sup>1</sup> of a decline of 91 operators for which reasons could be ascertained, 16 operators had gone out of existence because they had been refused road service licences and 5 operators because their vehicles had failed to obtain certificates of fitness. This may not give a true picture of the position in the other Traffic Areas, but it shows that some significance may be attached to the direct effect the licensing system has had on the reduction in the number of operators.

The large operator has undoubtedly suffered many of the adverse decisions of the Commissioners, but by reason of his large and varied number of services there is every chance of these being counterbalanced by favourable decisions. There is obviously less chance of this happening to the small operator who runs only one or two services, possibly all of a similar type; one adverse decision may wipe out the whole or main part of his livelihood. The Minister and Commissioners have recognised this and given the small operator special consideration. Nevertheless, some decisions have been given which, justifiable or not, have adversely affected small operators.

One feature of the licensing system which has placed the small operator under some handicap has been the legal formalities involved in obtaining a licence. Though the decisions of the Traffic Commissioners are mainly administrative, the hearing of the application proceeds on judicial lines. This point has been appreciated by the large companies (and for that matter by the railway companies and local authorities) and they have taken care to be represented in the Traffic Courts by trained legal experts. In the first year, at least, of the licensing system, it is extremely doubtful whether many of the small operators realised the need for

<sup>1</sup> *Third Annual Report, North-Western Commissioners, 1933-4*, p. 31.



their application being put competently.<sup>1</sup> In the case of those who had joined one of the various associations of operators their case was usually handled by the local secretary. He, whilst often being an admirable advocate, was under the difficulty of dealing with a large number of different applications often at very short notice and supported by inadequate details. Hence, he was at some disadvantage when faced by the skilled legal advocates of the large companies supported by the information made available by the companies' statistical and accounting organisations. The cross-examining of the small operator as if in the witness-box also placed him in a weaker position. Nobody who has attended the Traffic Courts can have failed to appreciate the comparatively inadequate manner in which many of the applications of the small operators are presented. In December, 1931, the Minister directed the attention of all Commissioners to the need for giving special consideration to this difficulty of the small operator, but it is beyond the capacity of even the most painstaking person to discover when the facts are not fully revealed. Any badly put first application jeopardises not only the application but also the possibility of a successful Appeal if the Commissioners' decision is adverse. The Appeal inquiry is not a re-hearing of the application but an attempt to ascertain whether, on the facts before them, the Commissioners decided rightly. Except in unusual circumstances the Minister's representative will not allow new facts to be produced, hence the need for all the relevant facts to be brought out in the Traffic Court.

The handicap experienced by the small operator as a result of this legal system is also partly due to the expense involved. Where his application is unopposed he is involved in little or no expense, but where he is opposed by the resources of a railway company, a large bus company or a local authority, he is forced to engage expert representation and, if necessary, fight the matter on Appeal. The expense

<sup>1</sup> An extreme example of this occurred even after the Act had been in existence nearly 4 years. A small operator applied to run excursions and tours from Glasgow, but was refused, and on Appeal he was opposed by 2 local authorities, 2 railway companies, 5 associated and one independent bus companies. The Minister's representative commented that "It was clear that, not having been in a position to engage legal assistance, the Appellants had no conception of the effects of the Act of 1930." The Minister's representative advised the appellant of the legal position and the Minister waived the question of costs when he dismissed the Appeal. (A. R. Fairburn, R.V.A. 2941, January, 1935.)

may be considerable and there is the possibility that it may have to be incurred every year.

On the whole, however, the small operator, especially where he operates regular services, has gained by the Road Traffic Act. It has given him a security which he did not previously possess. The large operator, by virtue of his greater financial resources and his capacity to flood the route with vehicles, could and did eliminate many smaller operators prior to 1931. Now, if he desires to obtain a route, almost the only method is by buying out the existing operator at a price at least consistent with the value of his service.

## CHAPTER XIV

### THE MULTIPLICITY OF CONTROLS

IN any scheme for the effective co-ordination of all forms of passenger transport it can be assumed that some degree of uniformity of control would be required. Even if co-ordination is not desired, it may still be argued that some similarity should exist between the control over the different types of public passenger transport, all of which are in competition to supply the same general need.

The key points in any system of transport control are services and fares, for the former is related to the supply of facilities and the latter will affect the demand. It is proposed to survey in broad outline the manner in which railways, tramways and trackless trolleys are controlled in respect of these two points ; to contrast this control with that exercised over public service vehicles and finally to describe the different authorities possessing some power to control these services.

#### *Statutory Control over Railways, Tramways and Trackless Trolleys.*

If the construction of a new railway line necessitates the compulsory acquisition of land, the sanction of Parliament must be obtained by means of a Private Act. If, however, the land can be purchased by agreement, the new line may be authorised by a Certificate of the Minister of Transport. Minor extensions and improvements to existing lines may be sanctioned by an Order of the Minister.

Once the railway line has been opened the company is under statutory obligation to provide as adequate a service as may reasonably be required, including the provision of workmen's services and a certain measure of cheap-fare facilities. If dissatisfied with the facilities provided or if the railway company decides to reduce the facilities, e.g. by closing down a station, a local authority or a representative body of persons may apply to the Railway and Canal Commission. The Commission may order the company to afford such reasonable railway services,

facilities and conveniences upon and in connection with its undertakings as may be specified, including the provision of such minor alterations, extensions and improvements of existing workings as will not involve in any case an expenditure exceeding £100,000.<sup>1</sup>

Standard fares are laid down by the Railway Rates Tribunal and these cannot be exceeded; they constitute maximum prices per mile for each class of travel and for workmen's services. The fares fixed are mainly related to securing for the company a defined standard revenue<sup>2</sup> and the Tribunal must make a periodical review of the standard fares and may modify them according to the position of the company's net revenue. Apart from this periodic review the Tribunal may modify the standard charges after considering applications from the company or any representative body of traders or any person who may obtain a certificate from the Board of Trade that he is a proper person for the purpose.

While the railway company cannot charge fares in excess of the standard fares it may, in such circumstances as it thinks fit, charge exceptional fares below the standard. These must be reported to the Minister of Transport, and if he is of the opinion that they will prejudicially affect any other class of users of the railway or jeopardise the realisation of the standard revenue, he may refer the matter to the Tribunal, who, after giving parties interested an opportunity of being heard, may cancel or modify such exceptional fares.

Statutory control over tramways (and trackless trolleys) is rather similar to that described for railways. No tramway may be constructed and operated without some form of statutory sanction. Sanction can be obtained in any of three ways<sup>3</sup>: (1) by Private Act; (2) by Provisional Order made by the Minister of Transport under the Tramways Act, 1870, and confirmed by Parliament in a Confirmation Act; and (3) by Departmental Order of the Minister of Transport under the Light Railways Acts, 1896-1912, which does not

<sup>1</sup> But such an order for additional expenditure cannot be made if the company shows that it would prejudicially affect the then existing stockholders.

<sup>2</sup> The Railways Act, 1921, requires the fares and charges to be fixed at such a level that, together with other sources of revenue, they will, so far as practicable, yield with efficient and economical working and management an annual net revenue equal to the aggregate net revenue of 1913 with certain additions. So far the standard revenue has not been achieved in any year.

<sup>3</sup> Trackless trolley services can only be authorised by Private Act, but this usually contains a clause allowing future extensions to be sanctioned by a Provisional Order of the Minister of Transport.

require confirmation by Parliament. In the last two methods it is usual for the Minister of Transport to hold a public local inquiry. If, in the case of Provisional Order procedure, the Confirmation Bill is opposed, the Order must go before a parliamentary committee similar to the procedure for a Private Act.

The Act or Order usually lays upon the operator the obligation to run a sufficient and regular service of trams and prescribes the minimum service to be provided. Provision is commonly made for arbitration by a referee appointed by the Minister of Transport if a difference of opinion arises as to the sufficiency of the service. In addition to the general services the operators are invariably placed under the obligation to run a "proper and sufficient service of carriages for artisans, mechanics and daily labourers going to and returning from their work." If there are complaints against the insufficiency of these workmen's services, the Minister of Transport may prescribe the service to be provided.

Maximum fares both for ordinary and workmen's services are usually fixed by the Act or Order. The maximum is generally 1*d.* per mile or fraction of a mile, though it is common to find that the operators are not bound to charge below a certain minimum fare, however short the journey, e.g. 2*d.* to any passenger; maximum workmen's fares are usually  $\frac{1}{2}$ *d.* per mile or fraction thereof. The Minister of Transport is usually empowered to revise fares periodically, but at least three years must elapse between each revision. On representation by the operator or 20 inhabitants of the district, or a local authority (if a company is the operator), the Minister may order an inquiry to be held by a referee, and on his report may make an Order reducing or increasing all or any fares, but not so that they exceed the maximum fixed by the Act or Order. Under the Tramways (Temporary Increase of Charges) Act, 1920,<sup>1</sup> the Minister of Transport has certain restricted powers to increase the statutory maximum fares on the advice of an Advisory Committee.

*Statutory Control over Public Service Vehicles, Railways, Tramways, and Trackless Trolleys contrasted.*

The statutory control of public service vehicles has already been described. It will, therefore, be sufficient if

<sup>1</sup> Also under the more general Statutory Undertakings (Temporary Increase of Charges) Act, 1918.

only the main aspects of this control are brought out in comparison with the statutory regulation of railways and tramways.

No sanction of Parliament or of a Government Department is required before capital expenditure is incurred or a bus service operated.<sup>1</sup> Application to operate a service (except a service of contract carriages) must be made to the Traffic Commissioners of the Area concerned, who, subject to the right of Appeal, have the sole discretion of refusing or granting such an application.

The Traffic Commissioners also exercise control over the running of the service once it has commenced. The road service licence prescribes the fares, time-table, route and other vital details of the service. These cannot be departed from without the permission of the Commissioners, though the operator may relinquish the licence if he so wishes. On almost all services, except non-competitive stage-carriage services, the Commissioners generally place some limitation which cannot be exceeded without their permission.

Control over bus fares is also much more rigorous. Railway and tramway fares, it has been seen, are mainly given a maximum limit, while considerable freedom is given to charge lower fares. The fares which must be charged on omnibus services are usually stated on the licence and can only be altered with the Commissioners' permission. The fares fixed tend to be stressed by the Commissioners as a minimum rather than a maximum, for reasons which need only briefly be referred to here.<sup>2</sup> Most of the Commissioners' attention is directed to controlling competition among omnibus operators and between omnibus operators and railway and tramway operators. The result is that, except on routes where no form of competition is present, fares are fixed mainly with a view to preventing "wasteful competition."

Another important contrast concerns the statutory capacity of one form of public passenger transport to influence the control exercised over the others. As regards the commencement of new services all are in a somewhat similar position. When the power must be

<sup>1</sup> Local authorities and statutory companies are exceptions to this statement; both must have parliamentary sanction for capital expenditure and both (except in the case of those local authorities who already possess transport powers) must obtain parliamentary sanction to operate buses.

<sup>2</sup> See page 154 et seq.

obtained by Private Bill any competitor may secure a *locus standi* before the parliamentary committee hearing the Bill. Railway and omnibus companies may and do object to tramway and trackless trolley Bills and to the omnibus Bills of local authorities and statutory undertakings, as a result of which some clause may be put in the Bill protecting their interests. With Provisional Order procedure, the opportunity for objection is given at the public local inquiry, and a further opportunity may be obtained if, owing to opposition, the Confirmation Bill has to undergo a Committee stage. Finally, when a new omnibus service is being applied for, the Traffic Commissioners must take into account "any representations which may be made by persons who are already providing transport facilities along or near to the routes," and this allows the railway and tramway undertakings affected to make objections if they so wish. One important difference must, however, be noted. Permission to run a bus service is not given in perpetuity; it must be applied for periodically. Each time such application is made the railway and tramway undertakings have the opportunity to object to the continuance of the service. No periodical opportunity arises for the road operator to object against railway and tramway undertakings, for their power to operate services does not require periodical renewal.

Once authority has been obtained to commence the service the statutory position of the parties varies considerably. Alterations to railway and tramway fares and services are not open to objections raised on the grounds of competition. There is a certain right of objection against railway or tramway fares being too high and the services being too few, but the competitive omnibus operator is not concerned on these grounds. It is the reductions in fares and the increases in services which concern him, because they intensify the competition with his services; he has no opportunity to object on this ground. Railway and tramway undertakings are not under this disability; they may object that, because they provide competitive services, bus fares should be higher and certainly not lower, and that time-tables should not be altered so as to give increased bus facilities.

It is clear that there are striking differences between the statutory position of railways and tramways on the one hand and public service vehicles on the other. Within the

upper limits of the capacity of their plant, railway and tramway undertakings may run as many train or tram journeys as they wish, providing that an obligatory minimum is maintained : little or no obligatory minimum is imposed on omnibus operators, but a prescribed maximum cannot be exceeded without permission. The same contrary position exists as regards fares, though here the maximum limits are placed on railway and tramway undertakings and the minimum limits on omnibus operators. Finally, the railway and tramway undertakings possess facilities for influencing the control of omnibus services which omnibus operators do not possess over their competitors.

It is easy to understand how this position has arisen. The Acts conferring the different powers have been passed at different times to meet particular situations. Railways and tramways, if only by reason of the large capital expenditure involved, tend to be monopolistic, and Parliament, by refusing to sanction competitive schemes, has set a legal seal on this development. In recognising this, Parliament also recognised that the public might suffer in two ways through the absence of competition : high fares and inferior facilities. These anticipated dangers were therefore guarded against by the fixing of maximum fares and minimum services. The development of motor omnibus transport, unshackled by these restrictions, rendered this form of control largely unnecessary. There was no danger now of railway and tramway fares being increased, for the necessity of competing with low omnibus fares prevented it.<sup>1</sup> The maximum fare and minimum service control was still continued, however, another instance of the lengthy time lag which is often evident in legislation.

When Parliament decided that omnibus operation should be more strictly regulated, they found a situation which required a different form of statutory control. They considered that there were more bus services than were reasonably required and that this was causing cut-throat competition and undermining the position of the railways and tramways. The system of control was, therefore, designed to prevent any increase in services and decrease in fares if the change involved increased or "wasteful" competition.

As a result of the Road Traffic Act, 1930, the road passenger transport industry is now far more strictly con-

<sup>1</sup> The percentage of railway passengers carried at standard fares has progressively declined in recent years.



trolled than its older competitors. The Commissioners constituted to administer this system are required not only to control the activities of road operators but also to co-ordinate these activities with the competing forms of transport. They are, however, given no statutory power to interfere in the management of forms of transport other than public service vehicles. The Commissioners, for example, may fix a bus fare and a departure time to co-ordinate a bus service with a railway service, but cannot prevent the railway company from altering its fare and time-table immediately afterwards and upsetting the relationship.

*The Controlling Authorities.*

The final point which emerges from a contrast of the methods of regulating the main types of public passenger transport is the variety of controlling authorities. Altogether there are six<sup>1</sup> bodies which possess some direct or indirect power to influence the extent and character of these services:

1. Parliamentary Private Bill Committees.
2. Railway Rates Tribunal.
3. Railway and Canal Commission.
4. Traffic Commissioners.
5. Board of Trade.
6. Minister of Transport.

The functions of most of these authorities have already been referred to indirectly, but they are outlined again for the sake of convenience.

1. *Parliamentary Private Bill Committees.*—Parliamentary control over Private Bills is in the main exercised at the Committee stage. The second reading is usually as formal as the first, though a debate may take place if a question of general principle is involved. After its second reading every Private Bill and every Bill for confirming Provisional Orders is, if opposed, allotted to one of the Committees on Opposed Bills.<sup>2</sup> These are appointed by a Committee of Selection and are composed of a Chairman and three other Members of the House, all of whom must sign a declaration

<sup>1</sup> The power of the Lord Chancellor and of the Ministers of Agriculture and Labour to appoint certain members to the Railway Rates Tribunal has not been deemed sufficient to justify their inclusion.

<sup>2</sup> Where the Bill is unopposed it may nevertheless still be referred to the Opposed Bills Committee if it raises controversial issues which require careful consideration. Otherwise the Bill goes to the Unopposed Bills Committee, where it is examined, but not so rigorously as if there were opposition.

that they are not locally or personally interested in any Bill before the committee. Otherwise they are not entitled to attend and vote.

The preamble of every Private Bill sets forth the reasons why the legislation is desired and the first duty of the committee is to ascertain whether this is proved. If the preamble is not considered proven, the Bill is reported to the House to this effect and is accordingly rejected. Otherwise, the committee proceeds to examine the various clauses and then, with or without amendment, reports the Bill back to the House. The Report stage and third reading are usually formal, though questions of general principle may be raised. The Bill is finally passed over to the other House,<sup>1</sup> where it undergoes the same but generally more formal procedure, and after receiving the Royal Assent the Bill becomes law.

The proceedings of the committee are judicial in that arguments of counsel both for and against the Bill are heard. Its decisions, however, involve questions of policy which to some extent follows the political leanings of the House. In its work the committee is aided and guided by the reports and recommendations of any Government Department concerned. A copy of all railway, tramway, trackless trolley and omnibus Bills and any particulars and plans must be deposited at the Ministry of Transport as one of the first steps in the procedure. The Minister then submits a report which must be considered by the committee, who, if it disregards any of the Department's recommendations, must give its reasons when reporting to the House.

2. *Railway Rates Tribunal*.—The Railway Rates Tribunal, established by the Railways Act, 1921, consists of three permanent members and two panels; a general panel of 36 members and a railway panel of 12 members. The permanent members consist of a President, who must be an experienced lawyer, and two persons with experience of commercial affairs and railway business respectively; they are appointed on the joint recommendations of the Lord Chancellor, the President of the Board of Trade and the Minister of Transport. Of the 36 general panel members 22 are nominated by the President of the Board of Trade, representing trading interests, 12 by the Minister of Labour, representing labour and passenger interests, and 2 by the

<sup>1</sup> The procedure outlined is that followed in the House of Commons and differs slightly from that of the House of Lords. The two Houses agree between them in which House the various Bills should originate.

Minister of Agriculture, representing agricultural and horticultural interests. The 12 railway panel members are nominated by the Minister of Transport and represent railway interests. The two panels provide one member each to the permanent members whenever any of the parties to the case request it or the Minister of Transport thinks it expedient, these additional members being chosen for their knowledge of the technicalities involved in the particular case to be heard.

The function of the Tribunal is, as its title suggests, to regulate railway rates. Mostly it is concerned with the carriage of goods, for the question of passenger fares only arises during the annual review of rates and charges or if any exceptional fares are referred to it by the Minister of Transport.

The Tribunal has recently been given new powers under the London Passenger Transport Act, 1933. It is now the controlling authority for fares charged on the underground, tubes, buses and tramways of the London Passenger Transport Board; it also has certain powers to order the Board as to the transport facilities which should be given.

3. *Railway and Canal Commission*.—The Railway and Canal Commission was established by the Railway and Canal Traffic Act, 1888, to supersede the Railway Commissioners. It consists of two members (including one with experience of railway business) appointed by the Board of Trade and the third, the President, must be a judge of a Superior Court of England, Scotland or Ireland, according to the country in which the Commission is sitting. The functions of the Commission have been varied from time to time and the Railways Act, 1921, transferred most of them to the Railway Rates Tribunal. Its most important transport function at the moment is that, on application, it may order a railway company to afford more reasonable facilities, including minor alterations, extensions and improvements not involving an expenditure exceeding £100,000.

The Commission has other functions not connected with the regulation of transport services. Under the Railways (Valuation for Rating) Act, 1930, it may determine by way of Appeal from the Railway Assessment Authority and the Joint Authority the net annual or rateable value of any railway hereditament. Under various Acts governing the coal industry, in particular the Coal Mines Act, 1930, amalgamation and absorption schemes are referred to the

Commission for its consideration. Other functions relate to the granting of rights and facilities in connection with mining operations, to the hearing of complaints against the Metropolitan Water Board, etc.

4. *Traffic Commissioners*.—The Traffic Commissioners appointed by the Minister of Transport have, subject to the decision of the Minister on Appeal, the sole discretion in the granting or refusing of applications for road service licences and may attach conditions to any licence so granted. Their powers allow them to exercise a detailed control over such items as fares, time-tables, number of vehicles to be operated and stopping and picking-up points. The Commissioners may, in certain circumstances, empower local authorities to operate services beyond their own boundaries.

5. *Board of Trade*.—Since the Ministry of Transport Act, 1919, the Board of Trade possesses hardly any powers affecting passenger transport. It is, however, necessary to mention that the President of the Board can grant a certificate to any person stating that he is a proper person for the purpose of applying to the Railway Rates Tribunal to modify any standard charges or conditions attached thereto ; appoint the two non-legal members on the Railway and Canal Commission ; and appoint a certain number of members to the Railway Rates Tribunal.

6. *The Minister of Transport*.—The Minister of Transport has been placed last in the list of authorities because his activities are related to all the other authorities. The Minister's powers over passenger transport are considerable, but the most important from the point of view of this discussion are as follows :

(1) *Railways*.—The Minister may—

- (a) authorise by Certificate new railway lines where the land can be purchased by agreement ;
- (b) authorise minor alterations and extensions and improvements to existing works up to £100,000 in cost ;
- (c) make recommendations to any Private Bill committee hearing a railway Bill ;
- (d) appoint certain members of the Railway Rates Tribunal ; and
- (e) refer any exceptional fares (i.e. fares below the standard or maximum) to the Tribunal if he considers such fares will prejudicially affect any

other class of users of the railway or jeopardise the realisation of the standard revenue.

(2) Tramways and Trackless Trolleys.—The Minister may—

- (a) make an Order authorising a light railway, such Order not requiring the sanction of Parliament ;
- (b) make Provisional Orders authorising tramways and trackless trolleys subject to the Orders being confirmed by Parliament ;
- (c) fix the fares to be charged though not so as they exceed the statutory maximum except in certain temporary and exceptional circumstances ;
- (d) require a more adequate service especially of workmen's cars ; and
- (e) make recommendations to any Private Bill committee hearing a Bill concerning tramway or trackless trolley powers.

(3) Omnibuses.—The Minister may—

- (a) appoint, remunerate and remove Traffic Commissioners who must act under his general direction, but who have sole discretion in individual cases ;
- (b) hear Appeals against the decisions of such Commissioners both as regards road service licences and local authority consent orders and make such Orders as he thinks fit ;
- (c) modify or revoke any restriction or prohibition of the running of public service vehicles imposed by any local Act or Order ; and
- (d) make recommendations to any Private Bill committee hearing a Bill concerning omnibus powers.

The powers of the Minister of Transport, though wide, are clearly not sufficient to provide a means of co-ordinating the work of the various authorities. The gaps in his powers and the weaknesses in the general situation are of three kinds.

First, he has no power to interfere in the working of certain of the bodies. He cannot, for example, influence the decisions of the Railway Rates Tribunal, though he may guide the policy of the Traffic Commissioners.

Secondly, even if he could influence all the bodies concerned, he is still restricted by the statutory provisions

guiding their decisions. The Railway Rates Tribunal, for example, is required to examine railway fares and charges from the standpoint of the effect any change is likely to have on the standard revenues of the amalgamated railway companies. The Traffic Commissioners' statutory viewpoint in regard to omnibus fares must be whether they are unreasonable or more especially whether changes in them would lead to wasteful competition. There can be little or no uniformity of decision between these two important authorities while they are under statutory obligation to consider such contrary factors.

Thirdly, even if these two weaknesses were remedied there would still remain the differing opportunities available to exercise control. There are few, if any, legal opportunities to control the time-tables and runnings of railways and tramways ; as no periodical licence is required, action may be taken only when application is made by passengers adversely affected.

## CHAPTER XV

### THE GENERAL TRANSPORT PROBLEM

INTERVENTION by the State into the conduct of an industry on the grounds of public safety, or some other consideration of general social policy, is now so widely accepted as to excite no comment. Few people would care to challenge the necessity, in the passenger road transport industry, of a statutory minimum standard of vehicle maintenance and driving efficiency in the interests of public safety. But the deeper intrusion of State authority, especially in the form of interference with the free working of competition, in the supposed interests of industrial efficiency, is another matter and there are wide differences of opinion on that part of the control of public service vehicle operation which restricts competition and aims at the co-ordination of all forms of transport.

The force of the objections raised to the economic experiment which has grown out of the Road Traffic Act, 1930, may, indeed, be mitigated by several considerations. In the first place, some part of the economic control has been imposed not so much for its economic results as for the social advantages which will accrue : not so much for an increased efficiency of operation as for greater public safety and decreased traffic congestion. The elimination of surplus bus services, and even the preference sometimes given to the railways, may take place as much through a desire to increase safety on the roads as to obtain the most efficient transport system.

Secondly, statutory control of public transport in all its forms is not new ; the Road Traffic Act, 1930, was, in this respect, not a startling innovation. Even in the nineteenth century, when the policy of *laissez-faire* had more supporters than it has at present, legislation was passed controlling the operation of railways and tramways and giving some power of control over passenger road vehicles. The motor omnibus entered a public transport system which was already subject to a considerable degree of statutory control. There is, however, one fundamental difference

between legislation concerning railways and tramways and the Road Traffic Act, 1930. The former was designed to obtain some of the benefits of competition in an industry mainly monopolistic, whilst the latter was introduced to secure the benefits of monopoly in an industry mainly competitive. Railway legislation aimed at maintaining some measure of competition whilst at the same time protecting the consumer, by the establishment of maximum prices and minimum facilities, against monopoly exploitation. In contrast the policy of the control of public service vehicle operation aims at securing the benefits of unified management and, by controlling competition in various ways, at obtaining a co-ordinated system of transport.

Thirdly, the present system is an attempt to obtain the advantages of both competition and monopoly. Competition continues in that individual bus operators can make competing applications to run any particular service. The co-ordinating activities of the Traffic Commissioners are designed to avoid the waste of excessive competition.

Such arguments as these, however, leave the vital questions unanswered: Is the present system retaining sufficient of competition to produce the benefits to be derived from it? And is the system imposing a unified control in a way which lessens surplus capacity and avoids waste of resources?

### *Competition.*

In regard to the first question the most important point is the virtual restriction of new entrants into the industry. The necessity for new applicants to show that there exists a need for the proposed service, and that any existing service is inadequate, is a severe test. Even if the existing service is proved to be not entirely satisfactory, the Commissioners will generally give the existing operator the opportunity to expand his service. There is, further, the difficulty experienced by the existing operators in expanding their services if such expansion is considered to affect another operator adversely. Finally, many concerns which were operating services prior to 1931 have been eliminated through various causes: the refusal of the Traffic Commissioners to grant a licence; the bankruptcy or death of the owner; the acquisition of smaller by larger concerns. On the local regular services, in particular, these factors have left the majority of routes in the hands of one operator. Even



where two or more operators run on the same local route the Commissioners have generally made an allocation of services or arranged a scheme of co-ordinated running.

The essence of any complete system of co-ordination can hardly be anything else but allocation of services so that resources which would otherwise be competitive are made complementary. The principles of priority, protection, and public need, to which in the main the Commissioners have adhered,<sup>1</sup> have this in common: they are the results of a conscious attempt to allocate the business of carrying passengers. On the one hand, the attempt has been mainly one of bringing the different types of services into proper relationship so that they do not clash or undermine the essential services. On the other hand, as regards services of the same type, the attempt has been mainly one of adjusting the services available as closely as possible to the anticipated demand.

Co-ordination, whether it be between different types of service or between different operators, must invariably involve some restriction of competition. The protection of stage from express services and express services from excursions, however necessary in obtaining a balanced system of transport, clearly reduces the competition experienced by the protected services. Control in the interests of reducing surplus capacity (or wasteful competition) also acts in the direction of reducing competition. An Appeal case of 1934<sup>2</sup> is illuminating as an example of how far the desire to adjust capacity to demand is restricting competition. Two railway companies and an associated bus company appealed against the grant of a licence to an independent operator to run a tour from Edinburgh through the Trossachs on the ground that they already operated tours to this place. The Southern Scotland Commissioners pointed out that the Trossachs was a very popular place, that the road had been recently widened and that "they did not feel . . . warranted in placing the same weight on the claims of competing tour operators as they would have done had it been sought to protect regular stage or railway services." In his Report on the Appeal Inquiry the Minister's representative said, "It is certain that the applicant does not in his evidence establish a case of need for his service in the sense

<sup>1</sup> See Chapter XI.

<sup>2</sup> S.M.T. Co., Ltd., and L.M. & S. and L. & N.E. Railway Companies  
re W. M. Herd, R.V.A. 2874, October, 1934.

that the existing tours are incapable of carrying the people who desire to avail themselves of such tours." He then went on to make some interesting observations on the licensing system which deserve to be quoted at length. "If the criterion were that, so long as the existing operators have any vacant places in their vehicles, no other operator should ever receive a licence, the applicant would clearly be excluded. But I do not think this is the true criterion. I do not think that the purpose of the licensing system is to establish a monopoly in the existing licensees. If there were a case to be made out that the operation of a new operator would produce either congestion on the roads or such a 'cut throat' competition as would threaten the efficiency of the services, the whole design and purpose of the licensing system would require that the new application should be refused . . . but there is no evidence produced in this case that any such consequences of the additional licence are to be anticipated." The Minister agreed neither with the Commissioners nor his representative and ordered the new tour to be deleted. In his letter he remarked that "he finds no suggestion that there is a monopoly with potential disadvantages to the public or that the other services available to the public are in any respect inadequate."<sup>1</sup> When it is remembered that the case did not involve the protection of regular services, that the new applicant would have been required to charge the same fares as the existing tour operators and probably be restricted in one or two ways and that the demand for tours is responsive to individual initiative in the way of advertising, etc., it will be appreciated how strong is the tendency of the licensing system to give a monopoly to the existing operators.

Competition, however, is also provided by the presence of other forms of public passenger transport. The freedom

<sup>1</sup> Cf. Birmingham and Midland Omnibus Co., Ltd., *re* Lilwall & Walker, R.V.A. 2814, July, 1934, in which the West Midland Commissioners granted an operator 5 additional excursions which were already on the schedule of another operator. The Chairman of the Commissioners is reported as remarking that "a certain amount of competition is good for the soul." The Minister, however, ordered 4 of the excursions to be deleted, but allowed the fifth "with considerable hesitation," because the attraction was of comparatively recent origin.

Cf. also A. F. Hancock, Ltd., R.V.A. 2925, January, 1935, where the Minister upheld the Yorkshire Commissioners in their licensing of certain 7-day tours from Sheffield when there already existed tours to the same places from Sheffield, but which did not follow the same route and therefore "were not, in the Commissioners' opinion, in direct competition with them."

of railways, tramways and trackless trolleys to reduce their fares or increase their facilities without the necessity of obtaining the permission of the Traffic Commissioners means that road operators are constantly subject to competition from these quarters. And this competition is intensified by the fact that, whilst these alternative forms of transport may, through the machinery of the Act of 1930, object to increased competition from road operators, operators have no corresponding power to appeal against the encroachments of railways or tramways.

But, on the whole, the effect of the 1930 Act has been to lessen the severity of competition, particularly within the road passenger transport industry itself. With this must have disappeared some of the advantages generally considered to arise out of competition, especially in the form of incentive to efficiency. At the moment, however, the situation is rather abnormal because there still remains much of the legacy of the large, and possibly excessive, development which took place in 1929-30. Whilst in some respects this has increased the work of the Commissioners, the fact that competitive applications or objections to applications for licences were general in the first year or two has to some extent placed the Commissioners in the position of arbitrators rather than in the more difficult one of managers. The keen competition which existed prior to 1931 has also provided a competitive basis by which applications may be judged, and any applications to increase fares or decrease facilities from this pre-1931 standard have, therefore, been carefully scrutinised. Further, the restriction on the entry of other operators on to already adequately served routes has had the effect of not only forcing progressive operators to find fresh routes, but has encouraged them to do so, because they know that once they can, as it were, stake a claim they are to a large extent protected from an influx of new operators. It is, therefore, probable that the incentive to break fresh ground has never been greater than in the past few years.

It must be recognised that these competitive standards will decrease in effectiveness with the passage of time. As more and more competing services are amalgamated or co-ordinated, so will the number of competitive applications decrease. The 1931 standard of efficiency may fall behind the standard which would have been attained under competitive working. The inducement to make application to

run a service on a route already covered by a service will surely decline in the face of continued refusals by the Traffic Commissioners. Undoubtedly, there are grounds for anticipating that, at the present rate, 1940 will see a smaller number of operators, each more and more entrenched in his little monopoly and fiercely opposing all competitive applications. This typifies the difficulties of maintaining any strong element of competition in a controlled system of road passenger transport. Will it not therefore be equally difficult to secure, by means of control, the advantages of competitive working?

#### *Co-ordination.*

The second question which requires to be answered before the present system of control may be judged is whether it is producing the advantages of co-ordination. Undoubtedly some gains have been made in this direction. The reduction in the number of vehicles coupled with the increase in the number of miles operated per vehicle is statistical evidence of this.<sup>1</sup> The arrangement of time-tables and fares of different operators into an ordered system is another example of co-ordination which is none the less real even if its effects cannot be measured.

Nevertheless, great, and perhaps insuperable, obstacles to the fullest measure of co-ordination confront the present system. It must, of course, be admitted that the system has been working for only four years and that further experience will solve many present difficulties. But it is not easy to see, for instance, how the multiplicity of financial interests in the industry can continue without sacrificing many of the advantages of complete co-ordination. At the present moment there are some 6,000 different concerns having a financial interest in passenger transport, practically all of which were in business prior to 1931. The majority of the decisions made by the Commissioners, especially in the first year or so, must therefore have affected the relationship between conflicting financial interests; for example, any form of protection must generally have meant that the financial interests of one operator were being protected at the expense of another operator. Where no compensation was payable, any large re-allocation of services was made almost impossible because the apparent injustice would have aroused too much opposition.

<sup>1</sup> See page 88.

An important recognition of this fact is to be seen in the General Directions<sup>1</sup> of December 4, 1931, issued by the Minister to the Commissioners of every Area. He directed that where the Commissioners form the opinion "that a reduction in services is *prima facie* desirable in the public interest, they should, in determining whether such reduction should at present be made, and if so the manner in which the reduction is to be effected and its extent, give such weight as they are able to give consistently with the proper exercise of their duties . . . to the fact that special hardship might result to an individual operator if the services provided by him were curtailed or discontinued." Undoubtedly this factor has affected the decisions of both the Minister and the Commissioners. It is not contended, of course, that this consideration for the financial effect of their decision has prevented the Commissioners from making clear-cut decisions. But it will generally be found that when a decision is made involving a transfer of passengers between two operators the money involved is comparatively small; the restrictions placed on London seasonal operators booking tickets from certain places on the South Coast, for example, was made bearing in mind the very small number of passengers carried in this way by the London operators.

Whilst this multiplicity of interests makes it difficult for the Commissioners to give a decision which would have a serious effect on an operator's receipts, there is not the same objection to restricting any increase in his receipts beyond those of a basic year. Therefore, while the Minister and Commissioners have been loth to refuse or reduce a service which the applicant has operated in the past,<sup>2</sup> nevertheless they have made considerable use of the limiting restriction based on some datum period. The restriction may be either direct or indirect. The direct form is to be found in many

<sup>1</sup> Cmd. 3980.

<sup>2</sup> Cf. *Second Annual Report, Western Commissioners, 1932-3*, p. 75. ". . . a considerable number of services could be very well dispensed with without any loss to public convenience and very probably with a gain to the public advantage in the efficiency of the remaining services, but having regard to the length of time many of such services have operated and the circumstances generally the Commissioners allowed them to continue."

Cf. also the Minister's words in *Ribble Motor Services, Ltd., R.V.A. 2929*, January, 1935. ". . . the fact that the Commissioners have granted a person a licence for certain operation by reason of his position before the Road Traffic Act came into force cannot, in the Minister's opinion, be regarded in itself as proof that the service is considered to be necessary. . . ."

of the limiting conditions attached to road service licences, e.g. maximum number of vehicle journeys or of vehicles to be operated over any specified period or on any particular service. The indirect form is illustrated by the difficulty which is usually experienced in obtaining a licence for a new or extended service.

The very fact that allocation must be carried out with some regard for the financial interests of the different operators also means that many methods of control are devised to secure this end and are not directly connected with efficient operation. This is particularly true in the case of a conflict between the principle of priority and the other principles. Thus on certain stage-carriage services of the Maidstone & District Motor Services, Ltd., the Commissioners have prohibited the issue of season tickets available between two points within the borough of Hastings "other than to persons who on December 17, 1931, were holders of season tickets available between such points and who have renewed their tickets continuously. . . ." Another example is the amending condition whereby certain London operators may now carry passengers on single tickets from the coast provided the ticket is issued by post from the operator's head office in London.<sup>1</sup> These examples are sufficient to show that much of the energy of the Commissioners is taken up with finding means of reconciling the aim of co-ordination with the presence of a large number of conflicting financial interests.

A further weakness in the present system is the multiplicity of controls.<sup>2</sup> At the moment there is a variety of authorities concerned with public passenger transport, which authorities act on different principles and with differing opportunities for control. This position has developed partly out of a desire to protect the large amount of capital expended in railways and tramways, but partly out of the failure of Parliament to consider the transport system as a whole. Of course, there are considerable difficulties in the way of unified control. It is much easier to take one form of transport for granted and protect it from the other forms than to decide in every instance what should be the exact blending of the various forms. Yet it is clear that those who desire co-ordination, and not merely protection of a certain amount of invested capital, must be prepared to establish some unification of the system of control.

<sup>1</sup> Cf. page 126.

<sup>2</sup> See Chapter XIV.

Whatever may be the difficulties in the way of securing co-ordination by allocating services among different road operators, they are simple as compared with those which would arise if the present system of the licensing of road services was extended to cover all forms of public passenger transport. In the present system, the difficulties of administration are lessened because the control of competition is one-sided. The Commissioners are not confronted with the problem of deciding whether a tramway or railway line should be abolished and omnibuses substituted, or to what extent the three forms should be blended so as to secure the maximum efficiency. Even at present, however, the difficulty arises as to the degree of protection to be given to the alternative facilities. The question of the relationship between long-distance road and rail services is a case in point. The Minister has shown that he is prepared to restrict long-distance road services which compete with "backbone" railway services and which are not of a touring, excursion or primarily holiday character. But his attempts to find means of carrying out this policy can hardly be regarded as successful and they have found almost as little favour with the railway companies as with the road operators. There is little clarity as to the interpretation to be given to the terms "backbone" railway service and "not of a touring, excursion or primarily holiday character." Backbone service may be appropriate when applied to a railway service between two important centres, but what of the intermediate stopping-points? The other phrase—"not of a touring, excursion or primarily holiday character"—is even vaguer and one on which the Commissioners appear to differ in opinion. Thus the North-Western Commissioners considered<sup>1</sup> that on the Liverpool-London service the ordinary business passenger forms a certain basis of the road traffic, but that the necessity for additional vehicle journeys arises out of the holiday travel. They also pointed out that, whilst Blackpool was a centre of attraction, London could also be considered as a magnet on the Liverpool and Manchester to London services. On the other hand, the Metropolitan Commissioner considered "that the Minister's intention . . . was that if a long-distance service was operative throughout the year for traffic which was generally non-holiday traffic, such a service was competing with the ordinary railway backbone industrial services, and

<sup>1</sup> North-Western Road Car Co., Ltd., R.V.A. 2731, December, 1934.

that in the case of such services heavy increases of traffic, even though at holiday times, should in the Minister's view accrue to the railways." As the Minister upheld this view it is clear that it is the nature of the service and its termini and not of the passengers carried that decides whether or not it should be restricted.

Clearly, in the case of long-distance-services the Minister and Commissioners have been trying to take into account a number of diverse factors. First, road services were already established and therefore difficult to abolish, because of the financial loss to the existing operators and because of the obvious demand for the road services. Hence the tendency to restrict them to the 1932-3 level rather than prohibit them altogether. Secondly, road and rail services are not identical in the facilities they provide. Whilst the railway facilities are generally better between distant places, this is not always true, either because the railway service is indirect or because it does not cater for intermediate points. And so there is the attempt to extract from the mass of railway services certain "backbone" services. Finally, there is the fact that road and rail services are not identical in their attractiveness to the passenger. One passenger may prefer the faster speed of the railway, whilst another will prefer the cheaper fare of the coach. Some people like to see the country through which they are journeying, whilst others are merely concerned with reaching their place of destination as soon as possible. This is another reason for restriction rather than abolition and especially for the distinction between services which are and those which are not of a "touring, excursion or primarily holiday character." The main result of these diverse factors is, therefore, to prevent the abolition of road services. But they also place great difficulties even in the way of a mere restriction of the road services, for if it is admitted <sup>1</sup> that some passengers prefer the road service

<sup>1</sup> The Minister "recognises the existence of a class of passenger for whom the lowest level of fare is of greater moment than the time occupied on or the general convenience of the journey, and whose ability to travel over long distances may be materially affected by such a difference as that at present subsisting in the case under consideration between the lowest period return fare on the railway and the standard return fare on the road." Midland Bus Services, Ltd. (now Western S.M.T. Co., Ltd.), R.V.A. 1455, March, 1933. Cf. also observations of the North-Western Traffic Commissioners in L.M. & S. Railway Co. *re* Pearsons (Happy Days Motorways), R.V.A. 2293, December, 1933. "For one reason or other, travel by motor coach is often preferred to travel by train, notwithstanding the long journey times usually involved; and whilst this public



it seems hardly logical to limit the number of those allowed to exercise their preference.

What is true of the relationship between long-distance road and rail services is equally true of other road and rail services. The relative efficiency of each form of transport as a carrying agency cannot differ to any wide extent, otherwise competition between them would be impossible. To say this is not to deny that there are situations in which one form has the ascendancy; for example, railways in dense urban traffic and buses in sparse rural traffic. But it would be naïve to think that these are any more than very general guides. Into all these—distance travelled, time of and number of persons travelling—there enter many items which are not reflected in costs, such as the distance people must walk to the picking-up point, the time they must wait or their preference for one type of travel over another.

Even if it were possible to devise an allocation formula based on the relative efficiencies under different conditions of different forms of transport, this could only be true at the date at which it was devised. Experiments are continually being made in every form of passenger transport to increase efficiency. By what method can the Commissioners guarantee that the advantages of improvements shall be passed on to the public at the earliest possible moment? Is it very likely that any method can be found which does not involve the Commissioners entering upon active management rather than their present general control?

The need for unification or the standardisation of control for all forms of passenger transport, though difficult if the aim is complete co-ordination, may nevertheless be advanced on another ground. It would appear to be a sound principle that when the State regulates competitive industries the regulation should be the same for each industry unless the discrimination can be justified as part of a planned State policy. Undoubtedly the strong point in the railway companies' case before the Royal Commission on Transport was that they were subject to strict control whilst the road operators were not. On the goods-carrying side it may still be that they have a strong case in that they are common carriers and also must charge according to a statutory classified scale, whilst the road hauliers are free to refuse to carry and are not restricted to a statutory scale of charges.

preference exists, the Commissioners feel fully justified in arranging for it to be met."

The same argument for competitive equality in the matter of control may now be used on behalf of the road transport interests.<sup>1</sup> On what logical grounds can a reduction in fares or an increase in services be refused to one form of transport in order to protect another form of transport which is free to reduce its fares and increase its services more or less as it wishes? There is, however, one feature of the control of both railways and tramways which possibly may be in favour of the public service vehicle. Railways in particular and tramways to a lesser extent are under the statutory obligation to provide a certain minimum of both ordinary and workmen's services. It is frequently urged that this obligation involves the running of many railway and tramway services which are unremunerative and that as a result the railway and tramway undertakings should be allowed to recoup themselves at other times. The Commissioners undoubtedly take this into account, and it is one point considered in the protection of the regular all-the-year-round operator against the seasonal operator. It is also noticeable in the decisions concerning duplication on long-distance services, for if the road operator wishes to increase the number of vehicle journeys he runs in the summer he must first increase the minimum number of vehicle journeys he runs all the year round. How far this difference between the control of public service vehicles and of railways and tramways requires amending is difficult to say without some information of the extent to which the railways and tramways do incur losses due to the obligation to run minimum services. It may be that, if the control of all forms of public passenger transport is to be put on the same basis, road operators should be placed under the same obligation. Alternatively, it may be better to free the railways and tramways from the obligation.

The question of competition and protection is of greatest importance as between omnibuses and railways. But the relation between omnibuses and tramways is also of special interest. The ease with which tramways can be protected from competition has undoubtedly favoured them. The effect of restraining bus competition in this case has been to slow down the abolition of tramways and there appears

<sup>1</sup> Cf. Sir Josiah Stamp in his Chairman's Speech at the Annual General Meeting of the London, Midland and Scottish Railway Co., February 23, 1934, "there should be no discrimination in the public regulations of the various forms of transport." Reported in *The Economist*, March 3, 1934.

to be a danger of maintaining a means of transport which seriously aggravates the problem of public safety.<sup>1</sup> The increasing development of the trackless trolley vehicle is also being encouraged by the protection it receives at the hands of the Commissioners and also, to some extent, by the absence of control over it by the Commissioners, though to say this is not to deny that the avoidance of the loss in electricity or rate revenue is considered by many local authorities as an important argument in favour of the trackless trolley.

The difficulties confronting any attempt to secure a complete measure of co-ordination of all passenger transport are, therefore, great. At this stage it is necessary to refer to the extent to which there already exist financial links between the different forms of transport. The tramways and trackless trolley vehicles are mainly in the hands of local authorities. On March 31, 1934, there were 62 local authorities operating tramways or trackless trolleys, of which only one did not also operate motor omnibuses. But, even where the local authority has both bus and tram services there are generally bus services operated by private operators which run into the town and complicate the situation, so that it is possible to find cases where a municipal tram service is given protection against the municipal local bus service which in turn is protected against a private bus service. As against this there are cases where the trams and buses are in the hands of an authority in which the railway companies have an interest.

More important is the financial link between the railways and a number of the largest bus companies.<sup>2</sup> The railways have an interest in some 40 per cent of the buses operated and therefore it would appear that co-ordination has, to this extent, already been achieved. But, in fact, this co-ordination is more apparent than real.

The shares held by the railway companies and their representation on the directorate never give them a final voice in the control of the road undertaking. In no case do they hold more than 50 per cent of the shares carrying voting powers; in many companies they hold less than 50 per cent, in which case their representatives are in a minority

<sup>1</sup> Cf. *Royal Commission on Transport. Final Report.* Cmd. 3751, p. 105: "our considered view is that tramways, if not an obsolete form of transport, are at all events in a state of obsolescence, and cause much unnecessary congestion and considerable unnecessary danger to the public."

<sup>2</sup> See Chapter IV.

on the board. As against this, the directors representing the bus company, besides sometimes being in a majority, are also greatly concerned with operating their services to the utmost profitability: their duty to the shareholders they represent; their own financial interest; their long connection with the development and operation of omnibus services, all these necessarily mean that they are reluctant to see the interests of their company sacrificed to a rival form of transport. It must further be noted that the financial interest is not reciprocal, for the bus company possesses no control of or shares in the railways. As a result the co-ordination, which many regard as being as substantial as the railways' financial interests in these companies, is much less real in actual working.

This does not mean that there is no co-ordination between the railways and these companies. The inter-availability of bus and rail tickets; the running of special buses to meet late trains; combined road and rail excursions and the substitution of bus services where the railway line is abandoned or is under special repair, are ample evidence that road and rail interests often work together. The important point, however, is that these arrangements are not necessarily due to the shareholding interests of the railway companies.<sup>1</sup> Many forms of co-ordinated working between bus services and railways are of direct and immediate benefit to the bus companies and, hence, would probably have been adopted in any case. Indeed, this co-ordination has sometimes been arranged by the railway companies with road transport concerns in which the railway companies hold no financial interest. Inter-availability of tickets probably represents the closest approach to disinterested co-ordination, although, even here, the bus companies would in many cases find the measure of direct advantage to them.

On the other hand, the keenness, both in the Traffic Court and before the Minister of Transport on Appeal, of many of the railways' objections to applications of the omnibus concerns in which they possess shares, though significant, may, nevertheless, be given an exaggerated importance. Obviously, under any agreement, there may

<sup>1</sup> Cf. "... co-operation for mutual benefit is always open to two parties without the acquisition of an interest by one in the other. . . . Notwithstanding the rail investment in the road the interests are still far from identical."—Sydney E. Garcke (Chairman, Tilling and British Automobile Traction Co., Ltd.), *Journal of the Institute of Transport*, November, 1934, p. 11.

arise differences of opinion which must be referred to some arbitrator, and in many instances the Commissioner virtually occupies this position. More important, the railway companies are under the necessity of adopting a similar policy against their associated companies and against independent operators in the matter of applications for road service licences. The Crosville Appeal<sup>1</sup> appears to be a case in point. Here a restrictive principle was involved which affected not only the Crosville Motor Services, Ltd., but also independent operators.

On the whole too much stress must not be placed on the financial interrelationship between the various forms of passenger transport. It may facilitate the bargaining between two competing forms, but the financial link is often not complete enough to produce the full co-ordination considered desirable by many people.

It is now possible to sum up the present position and to indicate probable future trends. We may expect an increasing tendency for the present operators to secure a protected part of the road passenger transport industry by methods of control which sometimes involve operating arrangements not productive of the greatest efficiency. This is not due to any deficiencies in the Traffic Commissioners. In fact, it is rather the outcome of the zealous way they have attempted to achieve co-ordination in the face of considerable difficulties. A large measure of co-ordination has undoubtedly resulted, and certainly the situation is immeasurably better from this point of view than it would have been if the licensing system had not been established. Charged with the duty of securing co-ordination, and preventing wasteful competition, the Commissioners have proceeded by the best means within their power; but it would appear that every success they achieve in co-ordination must necessarily raise new difficulties in maintaining and increasing future efficiency. May not the time arrive when we are obtaining the worst of both possible worlds, having the advantages neither of competition nor of monopoly?

\* \* \* \* \*

What will be the outcome of the present experiments and developments in transport only the future can reveal. It may be that a swing back to competition will take place, leaving the rival forms of transport to decide the issues for

<sup>1</sup> Cf. page 135.

themselves. Or the present experiments may prepare the way for more ambitious schemes of socialisation such as public ownership and management of road transport or unified public management of all forms of transport, either on a national or a regional basis. Such schemes do not come within the scope of this discussion. What is certain is that the present scheme of road transport control is leading to the establishment of numerous small local monopolies and involves its own social and economic dangers, all of which may be summed up in the question : How is efficiency to be maintained in such circumstances? That question, though it is often evaded, is vital in public utility operation and it is of particular relevance in the case of road transport.

The question of incentive is not merely an academic one. It represents a problem in the management and control of monopolies of which a complete solution has yet to be found, if one exists. What methods of control can be adopted in the road transport industry to ensure for the community the fullest service at the lowest cost? The ensuring of the fullest service is hardly less difficult than the ensuring of the lowest cost. Costs may be measured, but can the same be said of the variety of things which constitute service—convenience and frequency of service; speed; comfort? Are there any means of guaranteeing that once a public monopoly has secured maximum profits it will still seek to extend its services? The usual methods to be found in public utility legislation are the insistence on a statutory minimum of service; the legal obligation to supply; and the power given to bodies representative of consumers to make complaints and suggestions to some controlling authority. The last is the most general and, therefore, the most useful method. The first method has generally been utilised to provide such social facilities as workmen's services and has only a limited application. The second cannot easily be applied to passenger transport services. The power of consumers to make complaints involves the question of costs, for the insufficiency or lack of a service must be examined in the light of the cost of providing the extra facilities.

The main methods adopted to secure that the monopolist does not exploit the consumer by charging too high a price are by the fixing of either a maximum dividend or a maximum or actual price. The former method provides little or no check to inefficiency, whilst the latter to be really effective

must be based on some adequate standard of costs. How is such a standard to be established? It must have a comparative basis, either between different operators or between different periods. The problem here is the difficulty inherent in any attempt to compare transport costs either between operators or periods. The factors underlying omnibus costs as already explained produce fairly wide differences not only between the different types of service but even within the same type of service. These differences exist under competitive working and are due to explainable factors; but is it possible to decide what is the exact difference in costs attributable (say) to operating in a hilly as compared with a flat country? Certainly if comparisons are to be effectively made they would involve a complicated and thorough cost analysis. Even so the most exhaustive analysis could only give an approximate cost in any particular case.

A more fundamental difficulty is that of making some allowance for progress in technical efficiency. Suppose the average costs prevailing at a date prior to the formation of the monopoly are taken as the basis and that the average cost at that date was 8*d.* per vehicle mile and at the end of five years it stood at the same figure. Having ascertained that neither the prices of petrol, etc., nor the conditions of operation had changed, could the controlling authorities then rest assured that the monopoly was as efficient as possible? Certainly they could feel assured that there had been no decline from the basic standard, but could they feel equally assured that all the devices and methods which would reduce costs were being introduced as quickly as they might have been under competition?

Some assistance in controlling efficiency may be looked for from two sources. The private motor-car will, it is assumed, continue to develop and set a standard of comfort and engine efficiency by which the motor-bus may be judged.<sup>1</sup> The other standard, and one which will require developing, is the international comparison. Already comparisons are made between, say, the electricity per head or number of persons per telephone in this country and in other

<sup>1</sup> Cf. Lord Ashfield (Chairman of London Passenger Transport Board): " . . . the private car now tends to set the standard of amenity and convenience which a passenger requires. In order to bring the Board's public vehicles up to the approved standard, the capital cost of the omnibuses, trams and coaches must be increased by some 15 per cent. . . ." (Lecture reported in *Transport World*, March 15, 1934.)

countries ; similarly, comparative statistics might be used as a guide to the possibilities of transport development. They will, however, at the best be only general guides, not applicable to detailed control and administration. Clearly the Road Traffic Act, 1930, has embarked this country upon an economic experiment which must be judged finally by reference to the efficiency of the system it produces ; by the lowness of the fares and the adequacy of the facilities made available. But whatever the outcome of the experiment ; whether it produces local monopolies, as at present, or more comprehensive monopoly in the field of transport, as is often urged in these days, it is unfortunate that the drive and force of competition have been partially discarded before the discovery of alternative methods for the automatic guarantee of efficiency. The task still remains of creating for the road passenger transport industry safeguards against undue conservatism.



## APPENDIX

### A NOTE ON STATISTICS

STATUTORY control of an industry is a recognition that the industry is socially important. It generally means also that, partly due to this importance and partly in order to make control more effective, detailed official statistics of the industry are made available. The operation and control of public service vehicles is of comparatively recent development and therefore statistics of the industry are not so complete as is the case with public utilities in general. In this note the main sources will be outlined and suggestions made as to the manner in which the information could be improved.

There are four important sources of official statistical information regarding public service vehicle operation and control.

#### (1) *Annual Reports of the Traffic Commissioners.*

The Annual Reports of the Traffic Commissioners are bound and published together and contain two kinds of statistics. First, the volume contains the important summary tables for England, Scotland and Wales: number of operators, analysed according to number of vehicles owned, and the quarterly number of passenger journeys, receipts and vehicle miles for each type of service are the main statistics given. Secondly, there are miscellaneous statistics in the individual reports of the different Areas: number of applications received, granted, refused and withdrawn are given for the different kinds of licences; analyses of the number and size of operators in the Area; number of vehicles inspected; number of prosecutions and convictions; and a host of odds and ends illustrating the year's administration.

The main criticism of this source is the lateness of publication. The administrative reports of the Commissioners cover the year ending March 31 and the main statistics are for the year ending the preceding December 31, but the volume is not published until October or November. As the main statistics are collected quarterly and are independent of the material in the Commissioners' reports it should be possible to publish them quarterly. If this was done it would enable the progress of the industry, especially in relation to the railways, figures for which are published monthly, to be more closely followed than is possible at present. As for the miscellaneous statistics contained in the individual Reports these are not of great importance; nevertheless, if they are worth publishing they should also be

worth collating. At present it is almost impossible to summarise the individual reports because each Area differs in the statistics it gives and the manner in which it presents them. This is a case where co-ordination would be useful.

(2) *Road Vehicles—Great Britain.*

This is a monthly return giving statistics of "road fund" licences issued under the Roads Act, 1920. The number of hackney carriages registered for the first time are given monthly for the area of each Registration Authority (County and County Borough Councils). In September a census is taken of vehicles for which licences were current at any time during the September quarter. The hackney carriages are analysed according to seating capacity. Unfortunately the analysis used does not allow the number of public service vehicles to be identified definitely. The definition of a public service vehicle is "a motor vehicle used for carrying passengers for hire or reward other than a vehicle which is a contract carriage . . . adapted to carry less than eight passengers. . . ." Broadly it applies to all vehicles having a seating capacity of eight or more passengers. The relevant analysis for the purpose of road fund licences includes 8-seaters within the group "exceeding 4 but not exceeding 8" seats. Actually the difference is rendered unimportant by the very small number of 8-seaters. When the opportunity arises, however, the two classifications might conveniently be brought on to the same basis.

(3) *Unemployment Insurance.*

In the statistics of employed and unemployed insured workers the majority of workers engaged in public service operation are classified under "Tramway and Omnibus Services." This heading also covers tramway and trackless trolley employees. Employees engaged in motor-coach and charabanc or irregular operation are excluded and instead are classified under "Road Transport Not Separately Specified," a heading which also covers carting and haulage contracting. There is thus no one set of unemployment insurance statistics which exactly covers public service vehicle operation, nor is it possible to ascertain from the available figures the volume of employment or unemployment in the industry. In view of the present importance of the industry, this weakness appears worthy of remedy. A new classification under the heading of "Public Service Vehicle Operation" carved out of the present "Tramway and Omnibus Service" and "Road Transport Not Separately Specified" would be the ideal arrangement. This re-arrangement would probably raise statistical difficulties where the employer was engaged in both tramway and omnibus operation. If this proved an insuperable difficulty the number employed could be

obtained as an addition to the information at present required periodically from the operator. Certainly some attempt should be made to remedy the present gap in the statistics.

(4) *Census.*

The decennial Census provides the best measure of employment provided by public service vehicle operation. In the classification of industries, Code numbers 185—Construction and Repair of Vehicles—Omnibus Company; 542, Motor Coach Services; 543 and 544 Omnibus Service—Local Authority and Other, cover practically the whole of public service vehicle operation. There is, however, a slight gap in that motor charabanc operation is included in Code No. 540, which also includes taxi-cabs and garages. Here again it would be more convenient if charabanc operation could be separated and probably placed under Code No. 542, Motor Coach Services.

\* \* \* \* \*

In the case of railway, electricity, gas and most other public utilities financial statistics of individual concerns are published in a statutory return. No such official information is available for public service vehicle operation. Most local authorities issue an annual report containing the annual accounts, and these, along with the accounts and statistics of a few private companies, are to be found in the *Motor Transport Year Book*. But for the mass of concerns there is no information published as to their profits and losses or cost of operation. Indeed, since the Road Traffic Act, 1930, operators have tended to become more and more secretive as to their financial position and even local authorities have grown chary of publishing information about their omnibus undertakings. But it is clear that if public criticism is to be at all useful it must be well informed. The responsibility of the Commissioners would be eased by the existence of enlightened public criticism of individual undertakings. The tendency towards monopoly in the industry makes this criticism more necessary every day. The publication of detailed figures of the financial position of each operator is becoming correspondingly necessary.

**TABLE I**  
**NUMBER OF HACKNEY CARRIAGES WITH A SEATING CAPACITY EXCEEDING 8\* FOR WHICH ROAD FUND LICENCES WERE CURRENT AT SEPTEMBER 30, 1928-33. (GREAT BRITAIN.)**

Seating Capacity.	INCREASE + OR DECREASE -- ON PRECEDING YEAR.											
	1928.	1929.	1930.	1930.		1931.		1932.		1933.		
				Number.	Per Cent.	Number.	Per Cent.	Number.	Per Cent.	Number.	Per Cent.	
9-14 . .	13,009	11,955	11,018	- 1,054	- 8.1	- 937	- 7.8	- 4,179	- 37.9	- 2,035	- 1,098	- 22.8
15-20 . .	7,165	7,840	8,181	+ 675	+ 9.4	+ 341	+ 4.3	- 722	- 8.8	- 389	- 218	- 3.1
(9-20) . .	20,174	19,795	19,199	- 379	- 1.9	- 596	- 3.0	- 4,901	- 25.5	- 2,424	- 1,316	- 11.1
21-26 . .	5,865	6,401	6,649	+ 536	+ 9.1	+ 248	+ 3.7	- 347	- 5.2	- 724	- 507	- 9.1
27-32 . .	10,611	12,931	14,274	+ 2,320	+ 21.9	+ 1,343	+ 10.4	+ 932	+ 6.5	+ 330	+ 58	+ 0.4
33-40 . .	2,598	3,153	3,497	+ 555	+ 21.4	+ 344	+ 10.9	+ 115	+ 3.3	+ 160	+ 7	+ 0.2
(21-40) . .	19,074	22,485	24,420	+ 3,411	+ 17.9	+ 1,935	+ 8.6	+ 700	+ 2.9	- 234	- 442	- 1.8
41-48 . .	2,299	2,372	2,650	+ 73	+ 3.2	+ 278	+ 11.7	- 751	- 28.3	+ 110	+ 134	+ 6.7
49-56 . .	4,603	5,013	5,962	+ 410	+ 8.9	+ 949	+ 18.9	+ 1,408	+ 23.6	+ 226	+ 34	+ 0.4
57-64 . .	116	174	350	+ 58	+ 50.0	+ 185	+ 106.3	+ 46	+ 12.8	+ 313	+ 124	+ 17.3
65 and over	32	50	58	+ 18	+ 56.3	+ 8	+ 16.0	- 16	- 27.6	- 4	+ 1	+ 2.6
(41 and over)	7,050	7,609	9,029	+ 559	+ 7.9	+ 1,420	+ 18.7	+ 687	+ 7.6	+ 645	+ 293	+ 2.8
Total . .	46,298	49,889	52,648	+ 3,591	+ 7.8	+ 2,759	+ 5.5	- 3,514	- 6.7	- 2,013	- 1,465	- 3.2

\* This classification corresponds to the public service vehicle except in two respects. (a) Trackless trolley vehicles are included. Details of the road fund licences current for trackless trolley vehicles are only available since September, 1934. The number is, however, comparatively small, being about 350 in 1928 and about 750 in 1933. (b) Broadly speaking, a public service vehicle is a vehicle with a seating capacity of 8 or more passengers. In the classification used for road fund licences 8-seaters are included in the group "5- to 8-seaters" and are therefore excluded from the above Table. In actual practice the omission is not important because of the small number of 8-seaters.

TABLE II  
HACKNEY CARRIAGES WITH A SEATING CAPACITY EXCEEDING 8 PERSONS \* WITHDRAWN OR SUSPENDED † DURING 1929-33.  
(GREAT BRITAIN.)

Seating Capacity.	YEAR ENDING SEPTEMBER 30.					
	1929.		1930.		1931.	
	Number.	Per cent of Vehicles Licensed.†	Number.	Per cent of Vehicles Licensed.†	Number.	Per cent of Vehicles Licensed.†
9-14. . . .	3,076	23.6	2,181	18.2	4,756	43.2
15-20 . . .	672	9.4	878	11.2	1,724	21.1
(9-20) . . .	3,748	18.6	3,059	15.5	6,480	33.8
21-26 . . .	745	12.7	770	12.0	918	13.8
27-32 . . .	857	8.1	1,316	10.2	1,230	8.6
33-40 . . .	161	6.2	122	3.9	420	12.0
(21-40) . . .	1,763	9.2	2,208	9.8	2,568	10.5
41-48 . . .	85	3.7	175	7.4	1,214	45.8
49-56 . . .	181	3.9	187	3.7	627	10.5
57-64 . . .	+ 18	—	7	4.0	3.1	3.1
65 and over .	0	—	3	6.0	16	27.6
(41 and over) .	248	3.5	372	4.9	1,868	20.7
Total . . .	5,759	12.4	5,639	11.3	10,916	20.7
					7,011	14.3
					4,183	8.9

\* See Table I, note \*

† The figures of withdrawals and suspensions have been obtained by adding the new registrations during the year (see Table III) to the total number of vehicles licensed at the beginning of the previous year (see Table I) and then deducting the number of licences current at the end of the year. The net wastage thus shown may differ from the true figure of withdrawals and suspensions because where a vehicle is not licensed at any time during the September quarter but is subsequently licensed, this has the effect of increasing the apparent wastage. But, in fact, very few vehicles remain unlicensed in the peak quarter of September. In a few cases the table shows the licences current at the end of the year to be greater than the sum of the licences current at the beginning of the year and the new registrations which indicate either that vehicles previously licensed at some time but not in the previous September quarter have been brought back into service or that there has been a change in the seating capacity of vehicles already registered.

‡ Number of withdrawals or suspensions as a percentage of the number of vehicles licensed at the commencement of the year.

TABLE III  
NEW REGISTRATIONS OF HACKNEY CARRIAGES WITH A SEATING  
CAPACITY EXCEEDING 8 PERSONS,\* 1929-33. (GREAT BRITAIN.)

Seating Capacity.	Year ending September 30.				
	1929.	1930.	1931.	1932.	1933.
9-14 . . . . .	2,022	1,244	577	127	56
15-20 . . . . .	1,347	1,219	1,002	953	559
(9-20) . . . . .	3,369	2,463	1,579	1,080	615
21-26 . . . . .	1,281	1,018	571	186	116
27-32 . . . . .	3,177	2,659	2,162	1,527	798
33-40 . . . . .	716	466	535	321	349
(21-40) . . . . .	5,174	4,143	3,268	2,034	1,263
41-48 . . . . .	158	453	463	434	133
49-56 . . . . .	591	1,136	2,035	1,141	558
57-64 . . . . .	40	192	57	301	149
65 and over . . . . .	18	11	—	8	—
(41 and over) . . . .	807	1,792	2,555	1,884	840
Total . . . . .	9,350	8,398	7,402	4,998	2,718

(Compiled from *Road Vehicles—Great Britain.*)

\* See Table I, note \*

TABLE IV  
CHANGES IN THE SIZE OF PUBLIC SERVICE VEHICLES OWNED, 1931-3.  
(GREAT BRITAIN.)

	Number of Vehicles.	Average Seating Capacity per Vehicle.	Total Seating Capacity.
<i>Local Authorities:</i>			
March 31, 1931 . . . . .	4,997	37·87	189,236
December 31, 1933 . . . . .	5,780	41·00	236,980
Percentage increase + or decrease — . . . . .	+ 15·7%	+ 8·3%	+ 25·2%
<i>Other Operators:</i>			
March 31, 1931 . . . . .	42,873	28·85	1,236,886
December 31, 1933 . . . . .	39,355	30·97	1,218,824
Percentage increase + or decrease — . . . . .	— 8·2%	+ 7·3%	— 1·5%
<i>All Operators:</i>			
March 31, 1931 . . . . .	47,870	29·79	1,426,122
December 31, 1933 . . . . .	45,135	32·26	1,455,804
Percentage increase + or decrease — . . . . .	— 5·7%	+ 7·6%	+ 2·1%

(Compiled from the *Annual Reports of the Traffic Commissioners.*)

TABLE V

AVERAGE NUMBER OF SERVICE MILES RUN BY PUBLIC SERVICE VEHICLES PER ANNUM, 1931-3. (GREAT BRITAIN.)

	Local Authorities.	Other Operators.	All Operators.
	Miles.	Miles.	Miles.
1931 . . . . .	30,271	27,506	27,809
1932 . . . . .	31,258	28,047	28,430
1933 . . . . .	31,501	28,244	28,652
Percentage increase, 1933 over 1931 . . . . .	4.1%	2.7%	3.0%

(Compiled from the *Annual Reports of the Traffic Commissioners.*)

TABLE VI

DECISIONS OF THE TRAFFIC COMMISSIONERS ON APPLICATIONS FOR DRIVERS' AND CONDUCTORS' LICENCES. YEAR ENDING MARCH 31, 1934

	Drivers.		Conductors.	
	Number.	Per cent of Total.	Number.	Per cent of Total.
Granted . . . . .	88,787	97.7	69,263	99.3
Refused . . . . .	713	00.8	125	00.2
Withdrawn (including licences not taken up) . . . . .	1,364	1.5	339	00.5
	90,864	100.0	69,727	100.0

(Compiled from the *Third Annual Reports of the Traffic Commissioners, 1933-4.*)





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